



Daily Report

Latin America

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Daily Report

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CONTENTS

7 March 1995

INTER-AMERICAN AFFAIRS

Brazil's Cardoso Meets Colombian, Bolivian Colleagues [GAZETA MERCANTIL 2 Mar]	1
San Jose Ministerial Conference Statement [LA PRENSA 28 Feb]	1

CARIBBEAN

Cuba

Commentary Decries U.S. Drug Report, 'Meddling' in Affairs [Havana TV]	4
Robaina Discusses Copenhagen Summit, Recent Visits [Havana Radio]	4
Canadian Envoy Hails Ties, Discusses Blockade [Havana TV]	4
Visiting Delegations Hope To Increase Trade [PRENSA LATINA]	5
Alarcon Meets Cape Verdian Legislative Delegation [Havana Radio]	5
Alarcon, Spencer Lopes Meet [PRENSA LATINA]	6
Spencer Lopes Gives News Conference [Havana Radio]	6
Delegation Ends 3-Day Visit [Havana Radio]	6
Economists To Begin Process Recommended by ANEC [Havana Radio]	6
'Straight Talk' Views Consumer Affairs [Havana Radio]	7
'Straight Talk' Views Decentralization [Havana Radio]	8
Sugar Mill Director Laments Labor Shortage [Havana Radio]	10
Envoy Discusses Social Development Summit's Importance [Havana Radio]	11

Haiti

Government Issues 30 Warrants for Subversion Arrests [Port-au-Prince Radio]	11
U.S. Military Participates in Arrest [Port-au-Prince Radio]	11
Romain Denies Allegations of Plot Against Government [Port-au-Prince Radio]	11
Regala Protests 'Untrue Allegations' [Port-au-Prince Radio]	12
MOJED Urges Tolerance, Repudiates Accusations [Port-au-Prince Radio]	12
Government Exempts Imports From Customs Duties [Port-au-Prince Radio]	12
Aristide Meets With Caricom Troop Commanders [Port-au-Prince Radio]	12
Robert Oport Party Announces Election Participation [Port-au-Prince Radio]	13
CEP Publishes Revised List of Western BED Members [Port-au-Prince Radio]	13

St. Vincent and the Grenadines

Attorney General Reacts to U.S. Charges [CANAL]	13
---	----

MEXICO

Senate Commission Views Ruiz Massieu Asylum Request [Mexico City Radio]	15
Zedillo Reaffirms No One 'Above the Law' [Mexico City Radio]	15
Zedillo Views Administration of Justice [Mexico City Radio]	16
PRI Calls for Consultation on Party Reforms [EL FINANCIERO 1 Mar]	16
Zedillo Asks PRI for Support in Consolidating Alliance [NOTIMEX]	18
Judge Issues Formal Arrest Warrant for Raul Salinas [NOTIMEX]	19
Zapatists Reject Government Peace Initiative [NOTIMEX]	19
500 EZLN Militiamen Turn in Weapons to Army [REFORMA 3 Mar]	19
Observers Estimate 20,000 Chiapas Refugees [LA JORNADA 24 Feb]	20
Health Hazards to Displaced Chiapans Seen [REFORMA 24 Feb]	21
Political Use of Military Criticized [REFORMA 16 Feb]	22
PJF Director Claimed Poisoned; Security Chief Suspected [PROCESO 13 Feb]	24
Threats to PJF Chief's Anti-Corruption Mission Cited [PROCESO 13 Feb]	30

Suspected Bodyguard Comments on PJF Director [PROCESO 20 Feb]	34
---	----

CENTRAL AMERICA

Guatemala

Presidency Official Satisfied With UN Position on Human Rights [LA REPUBLICA 2 Mar]	39
Government Press Release on Resolution [PRENSA LIBRE 4 Mar]	39
Poll: Majority Want URNG to Participate in Elections [LA REPUBLICA 6 Mar]	39

Nicaragua

Source: Chamorro 'Has Not Ruled Out' Resignation Option [BARRICADA 6 Mar]	39
Text of Major Reforms Published [LA TRIBUNA 3 Feb]	40
Possible Compromise Viewed [EL NUEVO DIARIO 22 Feb]	41
Foreign Ministry on Border Incident, Need for Dialogue [Managua Radio]	42

Panama

Assembly President on Work of Legislature [Panama City Radio]	43
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SOUTH AMERICA

Argentina

Menem Emphasizes: 'No Recession in Argentina' [TELAM]	46
Cavallo: Private Banks May Be Asked for Short-Term Loan [TELAM]	46
Cavallo on Possible Loan Application [NOTICIAS ARGENTINAS]	47
Cavallo's Bond, IMF Strategies Criticized [EL CRONISTA COMERCIAL 9 Feb]	47
Frepa's Economist: 'Snubbing' IMF 'Mistake' [NOTICIAS ARGENTINAS]	48
UCR Economist: Cavallo Policy 'Mistaken' [NOTICIAS ARGENTINAS]	48
Commentary Details 'Local' Causes for Economic Crisis [CLARIN 6 Mar]	49
Economists View Confidence Crisis [EL CRONISTA COMERCIAL 2 Mar]	50
Chronic Economic Problems 'Cloud' Horizon [EL CRONISTA COMERCIAL 13 Feb]	50
Central Bank Considers Liquidity Measures [ARGENTINA GOPHER]	51
Editorial Discusses Fiscal Problems [CLARIN 12 Feb]	51
Specifics Discussed [(INTERNET) ARGENTINA GOPHER]	52
Defense Minister Views Discussions at U.S. Pentagon [NOTICIAS ARGENTINAS]	53
Source Confirms Weapons Shipment 'Diverted to Ecuador' [TELAM]	54
Little Challenge From Political Opposition Seen [CLARIN 19 Feb]	54
Commentary Draws Parallels Between Mexico, Argentina [EL CRONISTA COMERCIAL 13 Feb]	57
Provincial Restructuring Viewed [EL CRONISTA COMERCIAL 2 Mar]	57

Bolivia

Minister Criticizes 'Uniformity' of U.S. Drug Assessment [La Paz Radio]	58
MIR Renovates Image; Redefines Goals [HOY 30 Jan]	58
Presidency Minister on Political Career [HOY 29 Jan]	60

Brazil

More on Public Administration Measures Adopted [AGENCIA ESTADO]	63
'Summary' of Government Economic 'Adjustment Measures' [AGENCIA ESTADO]	63
'Main Points' of Package Noted [AGENCIA ESTADO]	64
Finance Minister Views Adjustments [Rio de Janeiro TV]	64
Commentator Views Reasons for Adjustment [Rio de Janeiro TV]	64
Planning Minister Views Measures Related to Economy [AGENCIA ESTADO]	65
Government Measures Seek To Privatize State Banks [AGENCIA ESTADO]	65
Privatization Goals Outlined [AGENCIA ESTADO]	65
Highlights of Fiscal Policy Proposed by Government [AGENCIA ESTADO]	65

Central Bank Sets Fluctuation Band for Dollar Exchange [AGENCIA ESTADO]	66
Businessmen View Fluctuation Band [AGENCIA ESTADO]	66
System Likely To Restrict Speculative Capital [AGENCIA ESTADO]	67
Military To Seek Wage Readjustment [JORNAL DO BRASIL 4 Feb]	67
Military Household Chief To Head Intelligence [CORREIO BRAZILIENSE 3 Feb]	67
Arms Dealers Await End of Peru-Ecuador Conflict [CORREIO BRAZILIENSE 1 Feb]	68
Army Aid Sought in Roraima Indian Conflict [CORREIO BRAZILIENSE 3 Feb]	68
Army Studies Purchase of Russian Helicopters [CORREIO BRAZILIENSE 31 Jan]	69
Cardoso Institutes New Human Rights Policy [GAZETA MERCANTIL 7 Feb]	70
Chile	
'Concern' Prevails Over Possible Argentine Financial Crisis [Madrid EFE]	70
Colombia	
Samper on Relations With U.S., Drug Policy [EL NACIONAL 1 Mar]	71
Pardo Urges Review of U.S. Narcotics Cooperation [AFP]	72
FARC, ELN Guerrilla Attack on Ituango Leaves 7 Dead [Santa Fe de Bogota TV]	73
FARC, Guerrilla Group Submit Proposals to Government [Santa Fe de Bogota TV]	73
Venezuela Requests Permission To Chase Rebels Across Border [Santa Fe de Bogota TV]	73
Search Bloc Operations Target Cali Cartel Leaders [Santa Fe de Bogota TV]	74
Financial Insolvency Cases Up Since 'Apertura' [EL TIEMPO 20 Feb]	74
Ecuador	
Duran-Ballen Urges Guarantors To Find Equitable Solution [Quito Radio]	76
Duran-Ballen: 'Protocol Cannot Be Implemented' [Madrid EL PAIS 4 Mar]	76
Executive Branch Rules Out 21 May Referendum [Quito Radio]	77
Legislators React to Referendum Suspension [Quito Radio]	78
Morona Santiago Deputy on Territorial Sovereignty [EL UNIVERSO 22 Feb]	78
Poll: Most Back Government, Unwilling To Pay New Taxes [Quito Radio]	79
Peru Said To Be Economic Loser in War [EL UNIVERSO 21 Feb]	80
DINE Interest in Condor Mountain Range Noted [VISTAZO 2 Feb]	81
Paraguay	
Antinarcotics Agency Head Reacts to U.S. Blacklisting [ULTIMA HORA 3 Mar]	82
Peru	
Ponce: Ecuador 'Must Be Consistent' With Protocol [Madrid EFE]	83
Government Reaffirms Free Trade Zone Offer to Ecuador [Madrid EFE]	83
Goldenberg on Possible Trade Zone for Ecuador, Cease-Fire [Lima TV]	84
Chile's Insulza Confirms Retreat of Troops From Border [Lima Radio]	84
Argentine Military Observer: Cease-Fire 'Complete' [Lima Radio]	84
Ministry: Diplomat in Ecuador 'Attacked, Mistreated' [Lima Radio]	85
Fujimori Continues To Lead in Polls Before Elections [Madrid EFE]	85
Candidate Questions Fujimori's Handling of Dispute [Lima TV]	85
Uruguay	
Sanguinetti Appoints New Armed Forces Commanders [Madrid EFE]	86
Venezuela	
Defense Minister Remarks on Proposal To Deal With Terrorism [EL UNIVERSAL 4 Mar]	86
ELN Guerrillas Claim Responsibility for Cararabo Attack [EL NACIONAL 6 Mar]	86
Caldera Praises Armed Forces Services [EL UNIVERSAL 5 Mar]	87
Fogade Director Resigns; Reorganization Continues [Caracas TV]	87

Brazil's Cardoso Meets Colombian, Bolivian Colleagues

PY0603140695 Sao Paulo GAZETA MERCANTIL
in Portuguese 2 Mar 95 p 3

[Report by Roberto Baraldi in Montevideo]

[FBIS Translated Text] Bolivia and Colombia have intensified their diplomatic efforts to move closer to the Common Market of the South (Mercosur), which has been in effect since 1 January and consists of Brazil, Argentina, Uruguay, and Paraguay. The possibility of joining Mercosur was high on the agenda discussed yesterday in Montevideo by Colombian President Ernesto Samper Pizano and Bolivian President Gonzalo Sanchez de Lozada with Brazilian President Fernando Henrique Cardoso.

Upon leaving the official residence at the Brazilian Embassy in Montevideo, Sanchez de Lozada announced that in the next few months Bolivia will host diplomatic talks between representatives of Mercosur and the Andean Pact, with a view to furthering integration between the two blocs.

Brazilian Foreign Minister Luiz Felipe Lampreia stated that Bolivia is acting as a link between Mercosur and the Andean Pact because it is interested in expediting these talks. In fact, during his meeting with Cardoso, Sanchez de Lozada reaffirmed that Bolivia views "with great interest the possibility of joining Mercosur."

Similarly, Samper emphasized Colombia's intention of moving closer to Mercosur, adding that the talks will be first geared toward technical matters within the framework of committees discussing relations between Mercosur and the Andean Pact.

Samper officially invited Cardoso to visit Bogota in July. Sanchez de Lozada also invited Cardoso to visit Bolivia and, according to Brazilian Foreign Ministry sources, an official Cardoso visit to La Paz may be scheduled for late May.

Coffee and energy were also at the center of the bilateral talks held yesterday morning by Samper and Sanchez de Lozada with Cardoso in Montevideo.

Samper was the first to meet with Cardoso at the Brazilian official residence in Montevideo. Samper reaffirmed Colombia's bilateral commitment to maintaining coffee prices.

Cardoso and Samper also discussed the possibility for Colombia to supply coal to Brazil for power generation purposes. Brazil may start importing energy from its neighboring countries or sign agreements for buying or selling energy, depending on the specific needs of its trade partners.

In his talks with Cardoso, Sanchez de Lozada also emphasized the issue of energy.

San Jose Ministerial Conference Statement

PA0303194695 Panama City LA PRENSA in Spanish
28 Feb 95

[Joint Statement of the San Jose 11th Ministerial Conference, issued in Panama City, date not given]

[FBIS Translated Text] 1. The 11th Annual Ministerial Conference on Political Dialogue and Economic Cooperation between the EU and the Central American Integration System member states took place in Panama City on 22 and 24 February, 1995. Colombia, Mexico, and Venezuela were present as cooperating nations and Belize was present as an observer nation.

2. The ministers welcomed the significant achievements of a decade of privileged and fruitful dialogue on the peace process, the consolidation of democracy and respect for human rights, and Central American development and integration. They expressed their satisfaction with the progress made in these areas and reaffirmed their commitment to reach these objectives. In this context, the ministers called upon the two sides of the Guatemalan internal armed conflict to sign, as soon as possible, a long-lasting peace agreement, which the EU is willing to support. The ministers expressed their support for the United Nations Mission for Guatemala (Minugua).

3. The ministers were pleased to confirm that cooperation between the two regions has increased over this period, both quantitatively and qualitatively. This has led the EU to become the region providing the most development assistance and cooperation. It has also made Central America, per capita, one of the leading beneficiaries of the community's aid plans, with a cumulative worth of over 1 billion ecus and commitments worth 170 million ecus for 1994.

4. The ministers reaffirmed that relations between the two regions are based on closely related common values and principles, which are being mutually enhanced. Said values and principles include, specifically:

- a. Representative democracy, the state of law, and constitutional order.
- b. Unrestricted respect for universal human rights and political and civil rights.
- c. The right to development, as one of the fundamental rights, now expressed as sustainable development based on economic growth, the creation of productive jobs, environmental conservation, and a more equal distribution of revenues, as basic factors in maintaining peace and security in the region.
- d. Cooperation between the two regions is based on the principles of solidarity, support for social and regional development, the struggle against poverty, the defense of less fortunate sectors, and the improvement of opportunities and complementary efforts in the areas of economy and trade.

5. The ministers noted that the improvement of the Central American situation justifies the continuation

and expansion in their relationships, including new fields, adopting current dialogue mechanisms, and seeking cooperation on new critical and priority issues.

The ministers agreed upon the following guidelines for tightening the relationship between the EU and Central America.

Sustainable Development in Central America.

6. The ministers were pleased to highlight the redefinition of the Central American agenda as set forth by the nations in the accords signed at the 15th Central American Summit, held in Guacimo de Limon, Costa Rica, as well as the in the documents signed during the Managua Ecological Summit, in Managua, and the International Conference on Peace and Development, held in Tegucigalpa. These commitments constitute the Central American initiative known as the "Alliance for Sustainable Development." They voiced their conviction that the international community must continue to support the decisions adopted by the nations of Central America.

7. Specifically, regarding the resolute EU support for the Alliance for Sustainable Development, the ministers stated the following issues as priority areas for cooperation, in addition to current support efforts in favor of the peace and reconciliation processes.

8. The ministers expressed satisfaction with the commitments signed in the Central American summits regarding the consolidation of democratic mechanisms and absolute respect for human rights. In this regard, they reaffirmed the importance of the multiannual program to promote human rights in Central America in such fields as the role of the armed forces and public order forces, the administration of justice, the decentralization of public administration, the strengthening of civilian society, and education for democracy. Both sides agreed to join efforts to reinforce public administration and management, with the conviction that an effort of this kind will also contribute to guarantee that cooperation will have a greater impact. The future program of cooperation will pay greater attention to improving the managerial capacity of government institutions.

9. They called attention to the need to continue strengthening the struggle against insecurity and crime, particularly with regard to the production, trafficking, and illegal consumption of drugs and the crimes related to those activities, as well as the prevention and struggle against corruption and tax evasion.

In this regard, the European ministers spoke of the possibility of reinforcing the community's aid in the struggle against drugs and technical assistance to the civil police.

10. They took note with satisfaction of the Central Americans' commitment to view the individual as the center and objective of the sustainable development process, promoting the participation of women in that process and those involving the role of the private sectors in that

process, as well as the nondiscriminatory access of all citizens to basic social services, especially education, training, health, the fight against poverty, respect for the environment, and conservation of ecosystems.

11. They recognized that these objectives will be mainly achieved through the implementation of national policies aimed at reducing existing inequalities, among other means, through measures relative to access to land and the modernization of fiscal systems. In this field, greater cooperation from the EU will be proposed, basically in the form of actions to lessen the social costs of the structural adjustment.

Regional Integration and Central America's Insertion in the International Economy

12. The ministers underscored the favorable evolution of the Central American integration process through the holding of presidential meetings and the strengthening of institutions. They viewed with satisfaction the EU's willingness to continue to consider this process a priority, within the framework of cooperation actions.

13. They reiterated the importance of the Central American Parliament as a forum to strengthen the political dialogue and to continue consolidating democracy and fomenting pluralism.

14. They agreed that the success of the Sustainable Development Plan also depends on the increase of the Central American economy's international competitiveness. They observed that this increase entails, among other aspects, the intensification of interregional trade and cooperation, the diversification of exports, the improvement and modernization of the infrastructure needed for exports, the transfer and incorporation of science and technology, and the strengthening of role of the region's economic agents. They also stressed that the EU's cooperation with the small and medium-sized businesses acquires particular importance.

15. In this sense, they stressed the importance of having the EU continue to contribute to the promotion of Central American exports through credits, technical assistance, and preferential access for Central America through the Generalized Preference System and industrial cooperation through programs such as the ECIP and AL-INVEST [expansion unknown] and the opening of Eurocenters. They also noted that a Comprehensive Program for the Development of Exports will be presented by Central America in the next meeting of the mixed commission.

16. In view of the strategic importance that the increase and diversification of exports have for the Central American countries, the ministers recognized the EU Tariff Preference System's significant contribution to those objectives. They expressed satisfaction with the one-year extension of the special tariff preferences granted to the Central American countries.

The Central Americans insisted that these EU preferences should be extended 10 more years, without exclusion of products. The Central American foreign ministers also requested that the tariff preferences granted to the agricultural and industrial products of the member countries of the Andean Pact be granted to Central America, bearing in mind the potentiality of Central American exports.

The ministers agreed to continue the dialogue as well as the process to evaluate the aforementioned.

17. The minister highlighted the important function the European Investment Bank (EIB) plays as an instrument of cooperation between the EU and Central America, and they encouraged the EIB to intensify its action in the region in accordance with its procedures and financing criteria.

18. The Central Americans, bearing in mind the trust the EU has shown in the Central American Bank of Economic Integration (BCIE) by assigning it the management of large amounts of funds, reiterated to the EU members their interest in having them join the BCIE as extraregional members, strengthening the ties of cooperation with the region.

19. The ministers pledged to expand and consolidate the principle of multilateralism in trade within the framework of the World Trade Organization.

Central American-EU Relations

20. The ministers began a process of analysis regarding the future of the dialogue, bearing in mind the positive

advances registered in both processes of regional integration. In this sense, they took note of the upcoming Seminar of Central America-EU Reflection on the future of relations. It will be held in Central America at a date to be agreed upon. The parties agreed on the objectives, methodology, and scope of this seminar.

21. The ministers recognized the need to revitalize the existing mechanisms of dialogue and in particular, the need to reinforce the activities of the mixed commission. In this context, they agreed to meet at the request of any of the high-level Central American parties to examine any issues that might have repercussions on the positive evolution of the exchanges between the two regions, including possible trade differences.

22. To improve cooperation, the ministers agreed to integrate future actions through a medium and long-term strategy that will be jointly adopted. In this context, the ministers took note with interest of the Action Plan that was presented by the Central Americans during this conference. They expressed satisfaction that the cooperation the community is currently providing is consistent with the main objectives of that plan. In this regard, they agreed that the plan constitutes a frame of reference for the mixed commission to draw up this strategy in its next meeting.

23. The ministers have decided to meet next year in accordance with the rules of rotation.

24. The participants in this conference expressed their deep gratitude to the Government of the Republic of Panama and their recognition of the organizational efforts and the sincere expressions of hospitality they received during this meeting, which have guaranteed the full success of a meeting that entails a significant change in the San Jose process.

Cuba**Commentary Decries U.S. Drug Report, 'Meddling' in Affairs***FL0603205295 Havana Tele Rebelde Network in Spanish 1730 GMT 6 Mar 95*

[Commentary by correspondent Fritz Suarez Silva; from the "NTV" newscast]

[FBIS Translated Text] On 4 March, we began airing a series of commentaries on the fight against drugs and on U.S. relations with South American countries. I use the word relations because the United States recently placed Colombia, Peru, Bolivia, and Paraguay on a blacklist for not fulfilling its dictates in the fight against drug trafficking. The U.S. Government has described the financial and technical aid given to these countries as conditioned certification [certificacion condicionada]. Until the very last moment, there was a chance that the United States would cut all its economic and technical support to these South American countries in their fight against drugs. The White House ultimately agreed to grant the aid but under conditioned certification. While the conditions that the United States is setting vary from country to country, overall this is no more than U.S. meddling in the internal affairs of these four countries. Robert Gelbard, head of the U.S. State Department's antinarcotics unit and former U.S. ambassador to Bolivia, made the announcement. I wanted you to hear Bolivian Vice President Victor Hugo Cardenas' view of the United States' conditioned certification:

[Begin Hugo recording] Cuts are being made in several areas, not only at the (executive) level but also at other important levels. This is lamentable because Bolivia, a country with few resources, welcomes this type of foreign aid. Instead of looking back, we must look ahead to developing a national strategy to fight drug trafficking. [end recording]

After hearing the Bolivian vice president's opinion, it would be good to hear the Bolivian labor union movement's opinion, as expressed through its secretary general. You will hear what the Bolivian people think about the U.S. Government's so-called conditioned certification:

[Begin unidentified Bolivian labor union leader recording] The country has experienced the U.S. Government's blackmail. A set of policies has been developed which tend toward forceful government intervention on the property of our comrades the peasants. [end recording]

The document that the U.S. Congress recently issued on drug trafficking in Bolivia openly criticizes the Bolivian Government for not having control over money laundering and for not confiscating the property of drug traffickers.

We will also hear the U.S. position on the fight against drug trafficking, as expressed in the words of the current U.S. ambassador to Bolivia:

[Begin U.S. ambassador to Bolivia recording] As we see it, based on the law the most important thing is the eradication or the elimination of the coca crops, extradition in the cases of people who are accused and need to be processed in our courts, and the interdiction...[end recording, in progress]

In any case, I believe that the fight against drug trafficking—whether it be in Bolivia, Peru, Colombia, or Paraguay—must be conditioned not only on the elimination of cultivation, production, and contraband of narcotics but also on the elimination of those places or sources where there is high consumption. The United States must logically work more internally than externally since it is the world's main drug consumer. This is my opinion.

Robaina Discusses Copenhagen Summit, Recent Visits*FL0703031095 Havana Radio Rebelde Network in Spanish 0000 GMT 7 Mar 95*

[From the "Exclusive" program]

[FBIS Translated Text] Cuban Foreign Minister Roberto Robaina has just held a meeting with the accredited diplomatic corps. Some of the issues discussed during the meeting were Robaina's recent visits to the Middle East and Asia; Cuba's social, economic, and political transformation; the recent presidential inauguration of Julio Maria Sanguinetti; and Robaina's forthcoming visits to Denmark and Canada. On Cuba's position with regard to the social development summit, which will take place in Denmark from 6 to 12 March, Robaina stated:

[Begin Robaina recording] I would say that Cuba is going to participate in this summit with many things to say. We are pleased to see that the United Nations has organized a summit on the issue of social development, to which Cuba has dedicated 35 years. Honestly, this makes the summit made-to-order for us. There are many things we must explain regarding social development during this summit. We know that there are many countries that have expressed interest in meeting with the Cuban delegation that is participating in this summit. Of course, we are going to fulfill our plan in the way that a summit of this type requires. We have very serious concerns regarding terms that are being used to disguise certain social issues, and in supplying certain statistics and goals. They are disguising certain terms that are sometimes used in the United Nations regarding documents and issues, which we would want to have called by their proper names. The fact is that we have arrived in Copenhagen with a much wider gap than ever before between the rich and the poor. [end recording]

Canadian Envoy Hails Ties, Discusses Blockade*FL0303025095 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 3 Mar 95*

[From the "NTV" newscast]

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[FBIS Translated Text] Canadian Ambassador to Cuba Mark Entwistle said on 2 March that Canada values Cuba highly as a neighbor. He was speaking on the 50th anniversary of relations between the two nations. Ambassador Entwistle said that the progress made over 50 years had been significant and that cooperation between the two nations is expanding to encompass a large part of the Cuban economy:

[Begin Entwistle recording] We are very active in sectors like tourism; mining; nickel, of course; civil engineering; airports; communications; agriculture; and, most recently, sugar. [end recording]

Trade between the two nations is in the neighborhood of \$300 millions. A total of 15 Canadian universities have exchange programs with Cuba. Almost 80,000 Canadian tourists visited Cuba in 1994. More than 30 Canadian companies are currently operating in Cuba.

As for Canada's position on Washington's latest pressure to internationalize the blockade against Cuba, Ambassador Entwistle said:

[Begin Entwistle recording] We will see in the end if there are extraterritorial aspects of that bill being considered in Washington. We can expect the Canadian Government to take a decisive and clear stand on it. [end recording]

Canada and Mexico decided to maintain relations with Cuba following the Revolution's triumph despite U.S. pressure. The results of these relations confirm today the mutual interest to grow closer in the future.

Visiting Delegations Hope To Increase Trade

PA0703043395 Havana PRENSA LATINA in Spanish
2234 GMT 6 Mar 95

[FBIS Translated Text] Havana, 6 Mar (PL)—Doug Tyler, agriculture minister for the Canadian province of New Brunswick and leader of a business delegation, today began a working visit to this capital designed to increase commercial links with Cuba.

Tyler, his deputy Jack Syroid, and the seven businessmen accompanying him, were received today by his Cuban colleague Alfredo Jordan and by Cuban Foreign Trade Minister Ricardo Cabrisas.

PRENSA LATINA was able to learn that the minister from New Brunswick expressed interest in increasing existing trade ties, diversifying them, and exploring new business possibilities.

Trade between Cuba and this Canadian Atlantic province dates back more than 60 years, even before the establishment of official relations between the two countries 50 years ago on 16 March.

Five of the businessmen accompanying Tyler produce processed foods and the remaining two export agricultural products, specifically seeds.

The delegation will also meet with Cuban representatives of the tourism sector during their one-week stay on the island.

At the same time the New Brunswick delegation is visiting, a group of Canadian parliamentarians is also visiting—seven Liberals, one Reform Party member, and an independent—headed by Deputy Sasrkis Assadourian.

Their mission is to study ways to increase economic links between the two countries.

The legislators, who arrived on Sunday at the beach resort city of Varadero, plan to meet on Tuesday [7 March] with Luis Ignacio Gomez, president of the Cuba-Canada parliamentary commission.

They will also meet with Deputy Foreign Minister Fernando Ramirez and General Assembly [as received] (parliament) Vice President Jaime Crombet, and will visit the Foreign Investment and Economic Cooperation Ministry.

According to its agenda, the Canadian legislative group will also meet with representatives of the tourism sector.

Mark Entwistle, the Canadian ambassador to Cuba, pointed out that trade in 1994 topped \$300 [currency not specified] million and hopes that 1995 will be a year of successful trade for the two countries.

Alarcon Meets Cape Verdian Legislative Delegation

FL0303003895 Havana Radio Rebelde Network
in Spanish 1800 GMT 2 Mar 95

[From the "National Radio News"]

[FBIS Translated Text] Ricardo Alarcon de Quesada, president of the National Assembly of the People's Government [ANPP], has met the Cape Verdian legislative delegation visiting our country. Dr. Amilbar Spencer, president of the Cape Verdian People's National Assembly, leads the delegation. Members of the ANPP's Foreign Relations Commission and the president of the Commission on Constitutional and Judicial Matters also attended. The Cape Verdian delegation was briefed on the ANPP's style of operation, its elections, and the working commissions and different working branches of these commissions. We talked with Dr. Spencer after the meeting:

[Begin Spencer recording, in Portuguese] This is the first legislative visit to the region. We wanted to visit Cuba to strengthen relations between the two countries, and we are very happy to be here. [end recording]

The Cape Verdian legislative delegation will also visit the genetics and biotechnology center and the Finlay Institute today. The delegation will return to its country on 4 March.

Alarcon, Spencer Lopes Meet*PA0303044595 Havana PRENSA LATINA in Spanish
1925 GMT 2 Mar 95*

[By Ruben G. Abelenda]

[FBIS Translated Text] Havana, 2 Mar (PL)—Ricardo Alarcon, president of the National Assembly of the People's Government [ANPP], and Amilcar Spencer Lopes, president of Cape Verde People's National Assembly, held cordial talks here today on the functioning of their respective legislatures and the current situation of the two countries.

During the meeting, Spencer Lopes explained at length to Alarcon about the Cape Verde People's National Assembly and invited him to create an interparliamentary friendship group between Cape Verde and Cuba.

Alarcon, in turn, explained to his counterpart how the ANPP functions and how the process of electing deputies is derived from the grass-roots level.

Alarcon also commented on the work the legislative branch has carried out during years of difficulty that were marked by serious economic problems stemming from the commercial and financial blockade the United States has been imposing on this small country for over 30 years.

On this issue Alarcon stated that the ANPP, comprising workers, peasants, scientists, students, and other segments of society, has held constant debates on the complex economic situation Cuba is facing and the possible ways to overcome it.

Talking to PRENSA LATINA after his meeting with Alarcon concluded, Spencer Lopes voiced his satisfaction over the discussion and confirmed that he was in Havana to further relations between the two countries, in general, and between the two national assemblies, in particular.

He also said he carried a message of friendship and solidarity from his people to all Cubans.

Also talking to PRENSA LATINA, Alarcon characterized his meeting with Spencer Lopes as positive and underscored the links between the two countries.

Alarcon added that the visit by his Cape Verdian colleague to Havana, as an ANPP guest, coincided with Cuba's goal to increase its relations with the African continent with which, he noted, Cuba has historical ties.

Spencer Lopes Gives News Conference*FL0403004995 Havana Radio Reloj Network
in Spanish 2035 GMT 3 Mar 95*

[FBIS Translated Text] Amilcar Spencer Lopes, president of the Cape Verdian People's National Assembly, gave a news conference on 3 March on the third day of his visit, which will end tomorrow. Spencer highlighted the close

relations and solidarity between Cape Verde and Cuba, and stressed that the goal of his visit it to study the possibility of diversifying bilateral cooperation.

Spencer thanked—in the name of the Cape Verdian officials and people—the invaluable Cuban aid to the development of his country and the treatment given to Cape Verde students in Cuba.

Spencer met this week with Higher Education Ministry officials and praised the efforts of Havana University to continue with the courses offered by some of its teachers in Cape Verde.

Delegation Ends 3-Day Visit*PA0603184195 Havana Radio Havana Cuba in Spanish
1300 GMT 5 Mar 95*

[From the "Morning Information Review" newscast]

[FBIS Translated Text] This Saturday [4 March], Amilcar Spencer, president of the Cape Verdian parliament, ended an official three-day visit to Cuba during which he met with Cuban President Fidel Castro, Cuban National Assembly President Ricardo Alarcon, and other ministers and officials.

Yesterday, Spencer gave President Fidel Castro a message from Cape Verdian President Antonio Mascarenhas and said he was pleased with the meetings held in Havana, which he described as highly beneficial for the relations between the two countries.

Spencer, who is also president of the Union of African Parliamentarians, highly valued the Cuban people's solidarity and the cooperation between the two countries. He said more than 300 Cape Verdian youths are studying in Cuba.

Economists To Begin Process Recommended by ANEC*FL0603205395 Havana Radio Rebelde Network
in Spanish 1800 GMT 6 Feb 95*

[From the "National Radio News"]

[FBIS Translated Text] Beginning on 8 March, economists will institute a nationwide process aimed at complying with the agreements reached at the recently concluded National Association of Cuban Economists [ANEC] congress. ANEC President Roberto Berrier describes the initial procedures of the process.

[Begin recording] [Berrier] Commander in Chief Fidel Castro's letter to economists, and the TRAJABADORES editorial, are being discussed in ANEC sessions. We are going to begin a process of strengthening the technical advice we give the Basic Cooperative Production Units. We will also begin work on the problem of employment, and on everything related to efficiency in the tourism sector. We are going to institute a series of efforts related to mending internal finances. [end recording]

In a letter responding to Commander in Chief Fidel Castro, ANEC members promise to comply with the congress' recommendations, preserving the roles of the state and planning as basic factors of socialist economic leadership.

'Straight Talk' Views Consumer Affairs

FL0403190195 Havana Radio Rebelde Network
in Spanish 1700 GMT 28 Feb 95

["Straight Talk": Studio discussion between host Juan Carlos Roque Garcia and guest Osvaldo Rodriguez, from BOHEMIA magazine; date not given—live or recorded]

[FBIS Translated Text] [Roque] Defending the Consumer/Part Two: Osvaldo Rodriguez is here to discuss this issue, which definitely merits another 15 minutes.

[Rodriguez] You say part two, but I think it is more like part three or four: Remember that Eloy and Renato discussed it in response to my challenge on a recent program.

[Roque] Right. I say part two because the other program had the same name. There may have been others touching on the same issues but with different names.

[Rodriguez] Yes. The questions of supply and demand in light of the emerging markets—like the farmers market and the industrial and crafts market—and of the self-employed worker's treatment of the consumer were left unresolved. It is worth rehashing the issues because the concept is not clear to the consumers. I would say that the consumers are at a disadvantage to the vendors in terms of familiarity with the concept. The vendors organized themselves faster, already manage supplies and prices well, and definitely get what they need out of the market. The "Doing Radio" program recently carried a discussion on this, during which Maso used a word that so offended a female vendor that she called the station to complain. Maso, correcting himself, said that they were completely within the bounds of the law. While some things are legal, they are not ethical. This must be very well defined. It can be or is totally legal for you to sell a bunch of lettuce for three or four pesos because the law permits you to price your merchandise according to supply and demand. It is ethical for me to make a profit on my capital investment—to use economic terms—or, in the vernacular of the people, for me to realize excessive earnings at the expense of others' pocketbooks. This is ethical and legal. This issue was not completely discussed. It is the eternal contradiction between the bartender and the drunk.

[Roque] Yet, I insist that the supply and demand problem is at the root of the high prices. Market prices will remain high until production increases. We repeat to the point of insisting that vendors lower prices with this in mind. Osvaldo, do you think the basic problem is low production?

[Rodriguez] Yes, I don't dispute that. However, the law of supply and demand says that, of course, demand will be better served if more is available...

[Roque, interrupting] And prices will drop.

[Rodriguez] And prices will drop. Prices will begin to drop if demand rises and supply remains constant. Some prices have dropped. However, I insist on using the term demand. Demand does not mean necessity: Demand is linked to the amount of money in pocketbooks.

[Roque] And this money has decreased.

[Rodriguez] Therefore, I want to take on part two of this issue.

[Roque] This is where we can start talking straight.

[Rodriguez] It seems to me that peoples' pocketbooks are getting emptier and emptier. The wage earner has now reached the maximum wage level. In general, the Cuban family, according to their own particular needs, receives more than one salary. There are at least two incomes per household. Household income has increased as women have entered the work force. This is one of the most sensitive issues for the Cuban people today. As I was saying, the Cuban family is at least a two-income family. Those two salaries are no longer enough to cover today's cost of living. Why? Certain vendors at the markets are charging often impossibly high prices, even though they know what the people need. These families cannot afford these prices. The economic measures of the financial mending program are about to enter into the second phase, a second phase that is coming to resolve this problem. This problem must be resolved not only between vendor and consumer but also on a higher economic level—that is, in the strategic measures applied to the economy. We have often said on this program that approximately 40 percent of the existing excessive liquidity—approximately 12 billion pesos—40 percent was in peoples' pocketbooks and 60 percent was in the banks. Most of the 60 percent that was in the banks was in the savings accounts of a small segment of the population.

[Roque] The balances in these accounts have decreased. What is the figure? I don't think they have increased with the farmers markets.

[Rodriguez] I don't have that statistic: I don't have the end-of-the-year figures from the bank. However, I would like to say that the measures to try to reduce these bank accounts have not been carried out yet. This is part of the second phase that was announced. It was announced like the measures to mend the national finances, but the total series of mechanisms to encourage savings account holders to invest this money in the economy have not yet been implemented.

[Roque] That's right, and now many people are saying that there is a contradiction: They were once encouraged to put as much money as possible into savings accounts;

now, many find it contradictory to try to spend the money they have in the bank.

[Rodriguez] The funds do not have to be withdrawn from the bank. The incentive, perhaps a function of a market economy if considered from the other side, is the attitude of saving money in the bank. Money in savings accounts does not pressure the market. Money on the market is influencing demand. When the steps for mending the national finances were initiated, the future possibility of extending certain investment opportunities to the owners of high balance accounts was discussed. This opportunity could involve long-term investments, investments in state bonds, durable goods, real estate—there are many possibilities. This second phase could be implemented any time now, because we are beginning to see a scarcity of money in circulation. I put the word scarcity in quotation marks, because you see that the farmers market opens and by the time it closes there is hardly any produce left. That is, there is still money. I am not deceiving myself by saying the excess circulation is all dried up. Now is the time to implement the second phase of these financial measures to help the consumer, because on today's program we are expressly concerned with the consumer.

[Roque] Exactly. The important question is: Who has this money that is still circulating? There are not many people who have the resources to buy products at the farmers markets, so today this money must be in very few hands.

[Rodriguez] When the financial mending measures were first implemented, it was said that 10 percent of the bank accounts—remember that over half the money was in bank accounts—and 10 percent of these bank accounts held the majority of the money in the bank. Nevertheless, one must consider who has the money in circulation. This money exerts significant pressure on consumption simply because it is circulating very quickly. Today, money is saved for practically no time. I earn money, I go to the farmers market and spend it to buy goods from a vendor, the vendor pays part of it out in state taxes, and the rest he immediately spends on his other necessities. This money is circulating very quickly, and when money is circulating rapidly, it is multiplied. For example, let's suppose there is 3 billion circulating in the economy, hopefully it is much more, but let's say 3 billion; if it circulates four times it becomes 12 billion, and then the demand becomes 12 billion.

[Roque] Theoretically, you say that this money revolves, but it is possible that many of those who are operating, in both the farmers and industrial markets, don't have to make large investments, and the money circulation stops with them.

[Rodriguez] It is very difficult. Saving during this period is very difficult for several reasons. One of them is that those who accumulate a large quantity of money are fearful because much has been said publicly about the possibility of a change. They are afraid of change.

Therefore, saving money is not in the mindset of today's merchants. Moreover, I think they prefer to immediately invest their money in material goods because if you stockpile material goods, it does not affect you financially. If you stockpile money, it can affect you.

[Roque] Yes, and it is also true that many of the products for sale today are not sold by the state. The state has no way to recover this excessive circulation. It does not produce the quantities needed to recover this money. It does recover a small portion in taxes from vendors at the farmers and industrial markets, but it seems that the majority of this money is circulating within the same segment of the population.

[Rodriguez] Right, and this takes us back to the beginning of our discussion. This is the reason why when you talk to the majority of people who have no extra income, they say they have no money and their money doesn't cover their needs. Therefore, this person begins to pressure the vendors. I think there must be a very clear understanding of the law of supply and demand. Supply and demand is resolving certain problems, but it is also understandable that supply and demand means that the vendor should price his produce as low as possible and the consumer should buy as much as possible.

[Roque] Thank you for being with us today, Osvaldo.

'Straight Talk' Views Decentralization

FL0503230895 Havana Radio Rebelde Network
in Spanish 1700 GMT 2 Mar 95

["Straight Talk" program with host Juan Carlos Roque Garcia and guest Fernando Davalos from Radio Taino—live or recorded]

[FBIS Translated Text] Good afternoon, friends. The reorganization of state management, meaning more authority for the enterprises, is the topic that will be addressed here today by reporter Fernando Davalos from Radio Taino. As all of you know, that reorganization of the state's central organizations is currently underway. More than 50 large central organizations are being reduced to about 30 small ones. This undoubtedly means a reduction in personnel, but it also means an increase in the enterprises' authority. This will be the topic for today's "Straight Talk."

[Davalos] Good afternoon. Undoubtedly this process is currently progressing and should be completed by July. In other words, we are completing that process even though decree law 147 was established nine months ago and has not been implemented because there were other, higher-priority economic measures. This decree law implies a reduction in the entire state apparatus, including ministries, institutions, central organizations, etc. They are being reduced in quantity. They are being reduced...[pauses] For example, if there is an approved payroll for 19,000, now there will be approximately 8,000 to 12,000. This means that approximately 5,000 comrades will be available. I do not want to go into detail

right now on this because this is an entire subject in itself. The most interesting thing is the authority being transferred to the enterprises.

[Roque] Nonetheless, we should not forget Resolution 6 of the Ministry of Labor, which regulates and satisfactorily resolves the relocation of these people without throwing anyone out on the street. We must take this into account because if there are 5,000 available workers, it is because they will be relocated into other tasks.

[Davalos] Yes this is a very fair solution. They will not be thrown out on the streets, as another country might have done. We have a system that takes comrades' years of service into account—that is Resolution 6. With great care and humanism... [pauses] Just recently, the minister of labor and social security declared that no one would be left out on the streets; no one would be abandoned. We can rest assured on that count, even though this reorganization is necessary.

[Roque] This measure is not isolated; it forms part of the country's current transformations. It is important to remember that many of the buildings occupied by these 50 large central organizations will be used for community services.

[Davalos] Yes, there is information that many of those buildings will be offices for family doctors, housing in some cases, etc. I wanted to mention that this is not the most important part of resolution 147. You mentioned that it forms part of the series of measures applied by the country. From the economic point of view, let us say that it makes the state's management less bureaucratic. In other words, those immense bureaucracies, with hundreds or thousands of people in each of them, are not about what the country is currently doing.

[Roque] In other words, those structures are being adapted to today's conditions.

[Davalos] That is right. It is very important to achieve a state apparatus that is leaner and more functional, and more adequate to today's conditions. The central state organizations had a certain paternalism over the enterprises and the enterprises had their hands tied. Not any more. Now this decree law, while simplifying the structure and number of organizations and administrative units, is shifting authority to the enterprises.

[Roque] What kind of authority?

[Davalos] First of all, the purpose is to bring the enterprise closer to foreign trade opportunities. That is very important. I could say that there are currently more than 200 enterprises in Cuba that can buy their own raw material and sell their products abroad.

[Roque] Almost no organization manages the resources of the enterprises nowadays. The organizations that oversee the branches and sectors methodologically direct, but they do not manage, and with this reorganization, it becomes the

complete responsibility of the enterprise. I believe we are at the point we wanted to reach.

[Davalos] Yes, because we must remember that in the past, many enterprise executives would say that they could not solve this or that, that they could not be more efficient, that they could not increase production or lower costs because they had the state central organizations on top of them, which directed every move, so they were unable to make decisions. Well, the enterprise now has the authority to make decisions. But as you said, the enterprise is responsible for what it has. It must seek efficiency and competitiveness. It must correctly use the power it receives. That is what the nation needs. The country needs for its economy to be more competitive abroad. We cannot sell sugar way over cost; we cannot sell products manufactured in Cuba way over cost. We must be competitive. We must produce quality products, and this authority is necessary in achieving that goal.

[Roque] Yes, because the main purpose of this change or reorganization is to give the enterprise better control over its resources and give it access to foreign trade so it can purchase its raw material and sell its products. In other words, I believe the enterprise is better organized.

[Davalos] In the past, raw materials were bought somewhere else. It varies case by case. In other words, it is not a general rule [words indistinct] perhaps in the future they will be authorized to go out and sell what they produce. They will see how the product is accepted on the international market. There is vertical integration. I do want to reiterate that it varies case by case. It is not a general rule. For example, you have (Suchel). (Suchel) has economic contracts with several enterprises. It serves... [pauses] Right now they are expanding in several other branches, it purchases its own raw materials, it sells its products, it has been authorized to do so.

[Roque] In the past, this work was carried out by a central state organization: the state committee of economic cooperation.

[Davalos] And the Ministry of Foreign Trade.

[Roque] Yes, the Ministry of Foreign Trade. Both had the ability to make these types of agreements and to purchase goods.

[Davalos] They could also make decisions. They could say: I think this pen is better than this one. Then the producers could say: How are you going to tell me what is better or worse? They wanted access to the decision-making, and now they have it. With this decree law the enterprise is given the authority to make decisions. Now, they must be competitive. They cannot be surviving at the expense of the state budget with subsidies. They must be able to cover production and labor costs, and to generate profits. The money to pay the workers must come from what they make.

[Roque] I believe that now we will no longer have the evil of buying just to buy without knowing what the country really needs.

[Davalos] You are right. Now we can see how many mistakes were being made in the past by distancing the producer from management.

[Roque] There are rumors that at one point snow sweepers were purchased.

[Davalos] Yes, that is a pretty famous rumor. But I wanted to point out another important detail. As you mentioned, this is not an isolated measure. It is part of the whole system of measures because we are developing our complete system for a planned economy. It anticipates the strengthening of enterprises with authority, autonomy, and responsibility.

[Roque] In a nutshell, decentralization, plus authority and autonomy. But I believe we should continue on this subject after the station break because the topic is very interesting and beneficial for our country's public opinion.

We are reaching the last minutes of the program. We could say that this whole reorganization facilitates the association of the enterprise with foreign capital.

[Davalos] Which is one of the objectives.

[Roque] Yes, it is one of the objectives, with the aim of securing markets, technologies, and capital.

[Davalos] As we say here in Cuba, the problem is: Now begins the hard work [Ahora si es al duro y sin guantes]. In other words, when the enterprise assumes these responsibilities, it is committed to its productive goals, efficiently. It can do it. That is why they are receiving the authority. It is no longer the state paternalism of when they need money, they ask Daddy for it and Daddy guarantees the payroll. No, now we know what our state's policy is on subsidies. We must eliminate state subsidies. We will get there little by little. We must advance because the state cannot continue covering unprofitable activities.

[Roque] Right. We must look at the whole picture. In other words, the Cuban economy is being transformed. Cuba's development depends on our intelligence in planning things out. Additionally, it depends on our prudent, organized work. I believe the time has come to pay off the debts that we have to ourselves. This is a gradual process. There is a need for profound analysis on a case by case basis. I believe that decentralization of the state's central organization must be done cautiously. Approximately 5,000 comrades will be classified as excess workers, but I do not think it is that serious because, as I said before, it is important to know that these people will have the opportunity to relocate. The most important thing is the decentralization that is taking place, the autonomy that the enterprises will have, and the possibilities for finding new trade development channels to improve the country's economy.

[Davalos] Yes, I can say that over the years, as a reporter who has followed the needs of the enterprises, we have

seen that they needed more autonomy. The law now gives them the authority that they demanded. Now they must be more efficient because the country does not have resources to squander, nor does it have a rich uncle.

[Roque] We must point out that this process is not just to reduce the state bureaucracy, as we mentioned before. It is to give the enterprises the authority they need. In other words, to untie their hands, as you said.

[Davalos] Yes, because to develop the nation's economic competitiveness, we must achieve competitiveness within the enterprise, which is the basic unit of the country's economy. We could not demand this from them unless they had some authority. How many times have we heard: I cannot make a decision because I must consult with John Doe? Not anymore. Now you have the authority to make the decision and it must be used correctly because that forms part of the structure of the country's planned system, in which efficiency is vital. We can no longer continue with the fireworks. We do not have the leeway to backtrack or make mistakes. We must be very careful.

[Roque] They will now have the authority to gain the competitiveness they need, but they must be organized. Things must be done right.

Sugar Mill Director Laments Labor Shortage

*FL0603231095 Havana Radio Rebelde Network
in Spanish 1800 GMT 6 Mar 95*

[Interview with Julio Cotilla Rodriguez, director of the Orlando Nodarse Mill, by Diosdado Maso in Mariel Municipality, Havana, date not given; from the "National Radio News"—recorded]

[FBIS Translated Text] [Cotilla] Yes, we fulfilled our production plan a few days ago. We met our goal on 26 February, but are still grinding because our nextdoor neighbor, the Sandino Agroindustrial Complex, is supplying us with enough sugarcane to continue grinding. We are planning to continue grinding until 13 April, to further raise our overall percentage.

[Maso] You had to stop several times, however, due to a shortage of workers?

[Cotilla] Well, the stoppages are currently a constant thing. The mill is grinding well and achieves very good results, but the work force, productivity, and efforts to fill the personnel roster have been poor. We therefore must stop the mill at night.

[Maso] Has this already been discussed with the Cuban Workers Federation [CTC]?

[Cotilla] We discussed it with the CTC. We are told they are having problems getting the sugarcane cutters we need. We have taken measures with the municipality, locally, and today have two brigades from Havana. However, that still is not enough. We need even more sugarcane.

[Maso] The Orlando Nodarse Mill in Mariel Municipality could have produced another 400 tonnes of sugar over the past 10 days if it had had enough sugarcane cutters. This should serve as an alert to the CTC in Havana City. This harvest must be efficient because that is what our economy needs.

Envoy Discusses Social Development Summit's Importance

FL0603163195 Havana Radio Rebelde Network in Spanish 1255 GMT 6 Feb 95

[Telephone report by Carlos Zanabria Morero, in Copenhagen, Denmark; from the "Doing Radio" program—live]

[FBIS Translated Excerpt] UN Secretary General Butrus Butrus-Ghali has just opened the world summit on social development here, in Copenhagen, Denmark. More than 160 nations will discuss humanitarian crises this week, including the reduction and elimination of poverty and unemployment. We—members of the Cuban press delegation covering the summit in the cold city of Copenhagen—went for our press credentials in what is called freezing rain this morning. We then went to the (Bela) Center, where the world development summit is being held. An impressive press room has been set up so that journalists from every corner of the world covering the summit can give international coverage to this world summit on social development.

Cuba has been appointed vice president of the commission that will direct debates during the Copenhagen summit.

Ambassador Carlos Alzugaray met our press delegation in Brussels yesterday and passed a special message to "Doing Radio" regarding the thinking here on the world summit. Let's listen:

[Begin recording] [Alzugaray] It is safe to say that nongovernmental organizations have basically been the ones to promote and advance this summit and social development in the Third World in one way or another. Many governments want to avoid discussing social development issues, particularly considering the wave of neoliberalism currently sweeping the world. They will inevitably have to discuss the problems of poverty and drugs. They will have to discuss unemployment and immigration, two of Europe's major problems. The fact that these problems exist proves that there is no such thing as trouble-free capitalism. [end recording]

I also spoke this morning with representatives of nongovernmental organizations from Puerto Rico, the Dominican Republic, and Venezuela. They expressed little hope not so much for summit participants to draft agreements but for participants to comply with them. Some in highly developed nations have worked hard to get to the summit so that they can seriously commit to

supporting Third World nations, developing nations, and nations that have a higher incidence of poverty. [passage omitted]

Haiti

Government Issues 30 Warrants for Subversion Arrests

FL0703014295 Port-au-Prince Radio Metropole in French 1145 GMT 6 Mar 95

[FBIS Translated Text] The government has issued warrants for the arrest of about 30 people, including right-wing political leaders and dismissed Army officers. The warrants are from a list of names issued by the Ministries of the Interior and Defense. According to the IPS [expansion unknown] Agency, an interpreter service, interim police, accompanied by soldiers of the multinational force, arrested approximately 15 people on 5 March, including former Major [as heard] Patrick Bastien and some Dominican citizens. Others are still wanted for plotting against the government.

U.S. Military Participates in Arrest

FL0603231595 Port-au-Prince Tropic FM in Creole 1300 GMT 6 Mar 95

[FBIS Translated Text] Former Captain Patrick Henry Bastien has been arrested. The interim police and the U.S. military arrested the former captain on the morning of 5 March at 1000 at his residence in Plaine du Cul de Sac. The warrant for his arrest cites plotting against state security as the reason. According to a member of the Bastien family, it was the public prosecutor who ordered his arrest under a mandate from the Ministry of the Interior.

It is to be recalled that about 20 people were arrested over Carnival weekend for plotting against the Smarck Michel government.

Romain Denies Allegations of Plot Against Government

FL0703002095 Port-au-Prince Signal FM Radio in French 1130 GMT 6 Mar 95

[FBIS Translated Text] The leader of the Patriotic Camp and Haitian Alliance Party [PACAPALHA], engineer Franck Romain, calls for unification of all the country's social strata, he says to save the imperiled national boat. Accused of plotting against internal state security, Romain challenges what he calls the untrue allegations against him. He energetically denies having been involved in hatching a plot to destabilize the government. This will not be accepted, Romain says.

[Begin Romain recording, in Creole] I think the country has now reached a stage at which the people must be given freedom of choice. Those Haitians who would like to do something for their country, who can do something for their country must be allowed to do it. Those sectors

[not further identified] must understand that we must live together. Otherwise, this country is condemned. We support democracy, but the way [words indistinct] this democracy is not democracy. I do not believe either... [pauses] I remain convinced that the people did not believe in this masquerade, in this invented plot. I do not think the people can believe in that again. Thank you very much. [end recording]

Those were statements by engineer Franck Romain, leader of PACAPALHA, denying allegations of his plotting to destabilize the established power.

Regala Protests 'Untrue Allegations'

FL0303225595 Port-au-Prince Radio Metropole in French 1900 GMT 3 Mar 95

[FBIS Translated Text] Williams Regala has reacted to his implication in a plot against state security. In a written statement, received by Radio Metropole on 3 March, the retired major general protests what he considers untrue allegations, the motive of which is to offer a pretext for the established authorities to deal ruthlessly with citizens who do not share their political line or credo.

MOJED Urges Tolerance, Repudiates Accusations

FL0303225695 Port-au-Prince Signal FM Radio in French 1130 GMT 3 Mar 95

[FBIS Translated Text] The Youth Movement for Democracy, MOJED, has called for tolerance. In a statement on Signal FM, representatives of this organization expressed disapproval of the accusations brought against some political leaders who have reportedly undertaken a plot against internal state security. According to the representatives of MOJED, these denunciations are meant to cause trouble within the population as the electoral competitions draw near. MOJED, which says it supports President Jean-Bertrand Aristide, asks the latter not to let himself be trapped by some of his counselors, whose only intention is to sow discord within Haitian society.

[Begin recording, in Creole] [Unidentified MOJED spokesman] There are many things happening in society of which I do not approve. For example.... What democracy means is free participation. It means multipartisanship, it means complete and total tolerance. Democracy is linked to the reconciliation that the current government is preaching and asking for all the time. I think this is something that has come to reinforce everyone's duty to forgive, everyone's duty to support one another, even though one does not like the other's ideological leanings. We will not build this democracy in a country where people are tearing one another to pieces, where people are giving false testimony against other people, where people are making false statements about other people.

[Unidentified correspondent] What is MOJED's position on the accusations being made, notably against the

leader of the Patriotic Camp and the Haitian Alliance Party [Franck Romain], and others who are reportedly hatching a plot against state security?

[Spokesman] I think this is aberrant because.... What is the truth? What is true? What is reality? As far as I am concerned, I think truth, as a word—even though one cannot take it and move it as something palpable—I think truth is something everyone must be able to see. The truth is something that is analyzed, reviewed, and corrected. Only then can I take it as truth. I think if somebody wishes to win elections, if one wants to go to elections and win elections, there are many ways to go to elections and win. It is not [only] through false statements against other people that one wins elections. [end recording]

Government Exempts Imports From Customs Duties

FL0703025495 Port-au-Prince Radio Metropole in French 1145 GMT 6 Mar 95

[FBIS Translated Text] The government has granted a grace period and adopted special tariff measures for certain products and consumer goods. According to those measures, the import of goods such as flour and cooking oils are exempt from customs duties. Importers will pay 3 percent for rice, vegetables, and other edible, dried, dehydrated, or evaporated [as heard], 3 percent for sugar beets and solid sugarcane, 3 percent for white Portland cement. The non-pulverized cement called (clinker) is exempt from customs duties. Other products exempt from duties are fruit juice for children, vegetable juice other than tomato, as well as other goods such as water pumps and set-up liquid [elevation de liquide]. Plumbing pipes are also exempt from customs duties. Pump liquids will pay 5 percent. Tractors, with and without winches, tracked [as heard] tractors, and semi-trailers are exempt from customs duties. Vehicles with four motor units [as heard], and four-by-fours will pay 5 percent of customs duties. Passenger vehicles other than public transportation vehicles, including mixed [as heard] vehicles, pay 10 percent. Vehicles for public transportation, with eight to 24 seats, pay 10 percent, according to measures announced by the government.

Aristide Meets With Caricom Troop Commanders

FL0703025295 Port-au-Prince Radio Metropole in French 1145 GMT 6 Mar 95

[FBIS Translated Excerpt] President Jean-Bertrand Aristide met on 4 March with commanders of the Caricom troops in Haiti. Rothschild Francois, Jr. reports:

[Begin recording] [Francois] [passage omitted] It was an occasion for President Aristide to hail the work accomplished by the Caricom troops in Haiti. Jean-Bertrand Aristide took the opportunity to call on Caricom countries to participate in Haiti's reconstruction.

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[Aristide, in English, with passage-by-passage translation into Creole] We avoid that image, the nation-building, but we know that once we have the transition, it will be easier for us to help the Haitian people implement the Governors' Island agreement, while together we can focus on the infrastructure. So far it is safe enough to begin the second phase. We are working in this transition period under increased security. The economic field must be one major step to be reached. So we hope that the UN Mission to Haiti, MINUHA, will be able to help the Haitian people rebuild the infrastructure. Welcome to Haiti. Stay with us. With you, we will be working together to make it safer, to make our economy grow, and to help the Haitian people rebuild the infrastructure.

[Francois] The commanders of the Caricom troops stated that they have learned a lot about the country. They congratulated the Haitian population for its cooperation. The chiefs of the Caricom battalions promised to help Haiti with its reconstruction. [passage omitted] [end recording]

Robert Opont Party Announces Election Participation

FL0703011095 Port-au-Prince Signal FM Radio in French 1130 GMT 6 Mar 95

[FBIS Translated Excerpt] Former Senator Robert Opont, the leader of the Patriotic Union of Independent Democrats [UPDI], will participate at all levels in the upcoming electoral contests. Opont stated: We will have candidates in the nine geographic departments of the country. The UPDI members hope thereby to obstruct opportunists, even though the electoral process is not clear to them. Let us listen to Robert Opont.

[Begin Opont recording, in Creole] Although the manner by which the electoral process moves forward is not clear to us, we remain steadfast as a political party. We will participate in the elections at all necessary levels because whenever you withdraw from a struggle, you provide an opportunity for another to enter. Very often, the one you let in does not have the same democratic interests as you and will victimize you by the way he manages things. That is how UPDI understands the question, so we will participate. We will have candidates in the Department of Grand'Anse, we will have candidates in the Department of the West, and we will have candidates in the Artibonite Department, according to reports from the party's central committee. [end recording]

UPDI says it hopes to see the Communal Electoral Offices reflect the leanings of the various credible sectors of the Haitian political arena. This, Opont says, would favor a balance of interests. [passage omitted]

CEP Publishes Revised List of Western BED Members

FL0303225795 Port-au-Prince Signal FM Radio in French 1800 GMT 3 Mar 95

[FBIS Translated Excerpt] The list of members of the Departmental Electoral Office [BED] of the West has

been reshuffled. A Provisional Electoral Council [CEP] news release dated 2 March advises that the BED of the West will henceforth be composed of Jassillon Barthelemy, president; Marie Herold Michel, vice president; and Robertson Cajoux, secretary. The previous list, issued by the CEP at the beginning of the week, included Constaël Adrien, who does not appear on the updated list. Adrien Jassillon Barthelemy and Robertson Cajoux were both part of the previous list, but Marie Herold Michel has been added. Asked by the Haitian Press Agency about this revision, a source close to the CEP explained that Mr. Adrien is not available to lead the West's BED. [passage omitted]

St. Vincent and the Grenadines

Attorney General Reacts to U.S. Charges

FL0703033395 Bridgetown CANA in English 2303 GMT 6 Mar 95

[By Rickey Singh]

[FBIS Transcribed Text] Bridgetown, Barbados, March 6, CANA—St. Vincent and the Grenadines' attorney general and minister of justice, Parnel Campbell, Monday sharply disagreed with a U.S. State Department country report on drug-trafficking and corruption in his country. Campbell told CANA in a telephone interview from Kingstown that he was learning "for the first time the sweeping allegations about drug dealers funding election campaign for candidates of the governing and opposition parties, as claimed in the U.S. report for 1994. The report was quoted recently on the BBC news programme, "Caribbean Report." An extract from the report on St. Vincent and the Grenadines stated: "St. Vincent has become a commonly-used flag of convenience, as regulations permit vessels to be registered without positive identification of owners"

"Allegations persist," the report claimed, "that narcotics traffickers provide funds for political campaigns for both opposition and government candidates. Unsubstantiated reports persist of narcotics-related corruption in senior levels of government."

In almost eight years as attorney general, Campbell said, "not once" did any agency or representative of the U.S. Government bring to his attention, or the government in general, specific information about drug-related corruption, or indicate the areas in which government's cooperation was lacking.

He told CANA: "Unless the U.S. authorities want us to simply roll over and leave them to run the affairs of St. Vincent and Grenadines, they will have to provide the hard evidence of lack of co-operation or any link whatsoever between drug traffickers and candidates for parliamentary election." The attorney general was making his first public response to the annual country reports of the U.S. State Department that include critical assessments of the efforts of governments and security forces

of the region in the battle against narco-trafficking. He has since received a press statement from the Bridge-town-based U.S. Embassy for the Eastern Caribbean that sought to focus on some "positive features" of his government's fight against narco-trafficking, including agreement to have U.S. helicopter support in 1995 to eradicate marijuana cultivation. Attorney General Campbell said that while the report was worded to avoid direct accusations, it could not be treated as a responsible response by the USA, "a country with which we have very friendly relations."

In a general observation on the country reports on the Eastern Caribbean, the State Department said: "The Regional Security System (RSS) of the Eastern Caribbean is grappling with the narcotics issue but has not yet defined its role in the counter-narcotics effort." The report, however, noted that regional governments were working with the U.S. and other aid donors in "several initiatives" to improve collection and exchange of drug-related intelligence, including the establishment of the Regional Maritime Movement Information System (RMMIS), and a Joint Information Coordination Centre (JICC). However, according to the U.S. authorities, in the Eastern Caribbean "corruption among public officials is rarely met with strong counter-measures. There are continuing allegations," it said, "which have not been substantiated, that senior officials in Antigua, St. Kitts, and St. Vincent participate in, are knowledgeable of, or allow drug activities to continue, regardless of official policy." The report claims that drug dealers had

found the islands of the Eastern Caribbean to be useful transit points for drugs into the U.S.A. and that there were indications of marijuana cultivation on the increase in the face of growing economic difficulties affecting the banana industry in countries like Dominica and St. Vincent and the Grenadines.

But Campbell rebutted the U.S. assertion, saying that it was ridiculous to claim that "among Caribbean islands, St. Vincent is second only to Jamaica in marijuana production; and that marijuana is probably St. Vincent's largest export earner." If the U.S. accepts this to be true, he said, then this factor alone should be reason enough why it should help St. Vincent to restore banana exports to its pre-eminent position. While Campbell expressed "surprise and deep disappointment" with the "sweeping, unsubstantiated allegations" in the report, he also disclosed that it was cooperation between the local security forces and the U.S. Drug Enforcement Agency (DEA) that had resulted in the eradication of some seven million marijuana plants.

The administration in Kingstown does not view as "a friendly observation," according to Campbell, the statement in the report that "implementation of the government's stated commitment to eradicate cannabis and control corruption are necessary if St. Vincent is fully to meet the goals and objectives of the 1988 UN Convention." The Convention provides for enforcement cooperation and drug control legislation.

Senate Commission Views Ruiz Massieu Asylum Request

*PA0703033595 Mexico City Radio ACIR Network
in Spanish 0000 GMT 7 Mar 95*

[Report by Juan Carlos Escobedo from the Senate of the Republic in Mexico City; from the "Evening News Panorama" newscast—live]

[FBIS Translated Text] Many reactions have been reported following reports that Mario Ruiz Massieu has asked the U.S. authorities to grant him political asylum. The special follow-up commissions for the Colosio and Ruiz Massieu cases were summoned to a meeting with Assistant Prosecutor Pablo Chapa on Friday. The legislators will request details about the latest developments in the investigations.

Angel Sergio Guerrero Mier, the coordinator of the commission in charge of the Colosio case, did not rule out the possibility the authorities may summon Miguel Montes to testify if they consider it necessary to clarify some point in the investigation.

However, referring to Jose Francisco Ruiz Massieu's case, Victor Tinoco Rubi, the coordinator of the commission in charge of the investigation, said the case has drawn a lot of attention after it was learned an arrest warrant has been issued against his brother, former Deputy Attorney General Mario Ruiz Massieu, and that he requested asylum in the United States.

The coordinator of the special commission for this case said they will request ample information on the evidence that supports the arrest warrant. He emphasized that, meanwhile, the commission will remain alert to developments in the United States.

[Begin Tinoco recording] Meanwhile, we will wait and see how the investigation is carried out and what kind of evidence the deputy attorney general has, as he publicly claimed, to justify the arrest. [end recording]

The senator for Michoacan said that, until the contrary is proved, no one can say that Mario Ruiz Massieu is guilty as charged and that he was trying to escape.

[Begin Tinoco recording] I think not. He has publicly said that he will give lectures and that he had previous commitments to give lectures in the United States and Europe. If something to the contrary is proved, then we would consider the decision valid. [end recording]

Moreover, Jose Trinidad Lanz Cardenas, chairman of the Senate's Government Commission, said Mario Ruiz Massieu's request for political asylum in the United States is unwarranted. He is wanted for a common crime and he can be extradited if there is enough evidence.

[Begin Lanz Cardenas recording] I believe that cannot be compared with a political persecution. As a general rule, treaties establish two great exceptions. First, the extradition is not applicable in the case of political prisoners.

Maybe that is what your colleague was telling me moments ago. Second, when it involves crimes that are not considered as such in the territory where the person currently is. [end recording]

It is appropriate to mention that Mario Ruiz Massieu's sister and brother, Marisela and Mario, met privately with Porfirio Munoz Ledo, leader of the Party of the Democratic Revolution [PRD]. They refused to make any comments upon the conclusion of the meeting, which lasted over an hour. They left the PRD facilities through a back door. Munoz Ledo announced his party's National Executive Committee will analyze the situation of Mario Ruiz Massieu, who is still their adviser.

Zedillo Reaffirms No One 'Above the Law'

*PA0703043195 Mexico City Radio ACIR Network
in Spanish 0000 GMT 7 Mar 95*

[From the "Evening News Panorama" newscast]

[FBIS Translated Text] President Zedillo has warned that in terms of the implementation of the law, there is no bargaining, no compromise, and no exceptions. At Los Pinos Residence, Zedillo met with organizations that protect and defend human rights. The president recognized that although Mexico is a country of liberties, we cannot become complacent, because much remains to be done. He explained that at this time social demands are that Mexico should be a nation in which human rights are respected and in which a state of law prevails.

President Zedillo added that the authorities must guarantee the fulfillment of the law, because we want an honest security corps and honest authorities who will not ignore or pervert the application of the law. Nothing corrupts society more than authorities who violate or transgress juridical order, he said.

President Ernesto Zedillo reiterated that Mexico has to be a country in which the law prevails, adding that the only legitimate agreements are those that come within the framework of the Constitution and the laws of the republic.

[Begin Zedillo recording] Therefore, my firm commitment is with a firm state of law in which no one is above the law or an exception to its implementation. Everyone must be clear about this. The procurement of justice cannot be compromised, and the powers that the Constitution grants the president of the republic are not and shall not be the object of negotiation. [end recording]

President Zedillo stressed the importance of the current consensus on the draft bill the Senate is reviewing in search of dialogue, conciliation, and dignified peace. Today's request was that the conflict in Chiapas not be turned into a political game to iron out interparty differences, because he noted this would not be good for Chiapas, for Mexico, or for any other political force. He requested peaceful reconciliation within a legal framework.

Zedillo Views Administration of Justice

PA0403121295 Mexico City Radio ACIR Network
in Spanish 0000 GMT 4 Mar 95

[Report by Rosi Ahuatzin Vasquez from Los Pinos Presidential Residence in Mexico City; from the "Evening News Panorama"]

[FBIS Translated Text] [Unidentified announcer] There has been constant activity at the presidential residence involving the various groups that make up the productive sector, that is, the peasants, labor, business—in particular—and federal government officials. Apparently, we will have news regarding new economic agreements to overcome the crisis any time now. Here is Rosi Ahuatzin with a report from Los Pinos Presidential Residence.

[Ahuatzin] Good afternoon. Today, four ministers, namely, Labor Secretary Santiago Onate Laborde, Finance Secretary Guillermo Ortiz, Communications and Transport Secretary Sacristan, and another secretary held private meetings with President Zedillo. Zedillo made an important announcement on the new measures that will be adopted to reinforce the Economic Emergency Program. Zedillo said these measures will be disclosed after Congress issues a decision regarding the financial assistance negotiated with the U.S. Government. What does this mean? That Congress could make such a decision next week, since it is scheduled to begin its special period of sessions on Monday. Therefore, these new measures of economic adjustment might not be adopted until next week.

In the meantime, President Zedillo reminded Mexicans that we will have to make a greater effort than the one originally anticipated and this effort will maintain our basic unity and confidence in ourselves. During a ceremony held at the Avila Camacho Hall, President Zedillo today presented the 1994 Entrepreneurial Young Generation National Award and stood firm regarding the recent legal events. Zedillo stated that the administration of justice is not a discretionary power of the president, and consequently, warned that Mexicans must maintain unity, patriotism, respect for the institutions, as well as for the law. Zedillo pointed out that now more than ever, we must act calmly. The circumstances demand that Mexicans put the collective interest before individual interests. Here are his words:

[Begin Zedillo recording] We must give problems and the decisions to face them the importance they deserve. We must not allow the motives of actions that make the constitutional state valid to be distorted. We should not forget that the administration of justice is not a discretionary power of the president of the republic but a strict mandate of the Constitution. We must also reject using the judiciary to tarnish unjustly political or personal reputations. Allowing this to happen is very serious because it goes against national unity and concord. [end recording]

[Ahuatzin] This was the nature of the political and economic message that, as I have already said, will be disclosed next week or even next weekend, eight days from today. President Zedillo is currently awaiting the arrival of the new Executive Committee of the National Trade Union of Education Workers, led by Humberto Davila. They will present their credentials in a few minutes.

[Announcer interrupts] At what time?

[Ahuatzin] In approximately 10 or 15 minutes. They have not arrived yet, but they will hold a private meeting with President Zedillo in his office.

[Announcer] We would like to hear about the results of this meeting.

[Ahuatzin] Of course. I reiterate: There was little activity here at the presidential residence today. Four secretaries, including the secretaries of finance, commerce, labor and communications, and transport came over.

[Announcer] We would also like to find out, from the people in the Social Communications directorate, whether or not President Zedillo will attend the ceremony to commemorate the 66th anniversary of the Institutional Revolutionary Party tomorrow.

[Ahuatzin] Of course. That information is still pending. Everything seems to indicate that he will attend, but this will not be official until the authorities at the Presidency confirm it.

PRI Calls for Consultation on Party Reforms

PA0403225195 Mexico City EL FINANCIERO
in Spanish 1 Mar 95 p 52

[Document entitled: "Call for a National Consultation and Debate to Reform the Institutional Revolutionary Party, PRI," signed by Senator Maria de los Angeles Moreno Uriegas, president of the PRI National Executive Committee, CEN, and Pedro Joaquin Coldwell, CEN secretary general, in Mexico City on 1 March]

[FBIS Translated Text] We are living in an epoch of rapid change. It is the characteristic of our time.

Like all social institutions, political parties face and must respond to the challenges that arise from the transformation of the media in which they conduct and develop themselves.

The intensity and direction of the changes depend on their origin and the circumstances in which they develop, but a party such as ours can decisively influence social transformations through the action of its members and the drive of its leaders.

Our party has actively promoted democratic progress by strengthening republican institutions and creating new formulas for social participation in the framework of tolerance and respect for the law.

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We recognize that democratic progress has been achieved with the participation of all social forces, but because of its role as a majority party, our organization has had the responsibility of guiding it and making it possible.

The democracy to which all Mexicans aspire must be linked to sovereign economic and social development with a sense of justice and equality that can respect and guarantee individual and collective rights.

As the Constitution states, PRI members believe democracy is not only a legal structure or a political regime but a way of life based on the constant economic, social, and cultural improvement of the people.

The plan for an independent, sovereign, just, and democratic country as drafted by the Mexican revolution is still in effect and guides the actions of the party in its struggle for democracy and social justice. With these convictions and,

Whereas:

Our party has demonstrated its capability, both to propose solutions to promote the development of the country as well as to act consistently in the process of the political, economic, and social transformation of Mexico.

To guarantee the enforcement of the principles that can guide us and to maintain the majority support of the Mexican people, it is necessary to have a better, more organized, and active party.

Since 14 September we have initiated the process of internal reform, through our party's National Ideology Commission, by convening men and women, members and supporters, who have done analyses leading to an agenda proposal that was presented to the National Political Council on 12 November.

Based on this proposal, an agenda was drafted which clusters in six large groups the matters that the party will discuss and decide upon, a procedure approved by the National Political Council on 31 January.

The present economic emergency situation and the recent political and social problems merit a debate with the party's leaders, active members, and followers and, in general, with social organizations, academicians, intellectuals, and citizens interested in the country's democratic life.

Because of this, the National Political Council agreed to include everything related to the recent economic, political, and social events on the list of topics to be discussed.

The National Political Council has agreed to extend a general invitation to the PRI and the society's various groups to discuss these seven important subjects on behalf of our party and the public.

The National Political Council's 31 January 22d plenary approved the proposed agenda and the corresponding

procedure for studying and discussion and authorized the National Executive Council [CEN] to make a public invitation for a broad consultation and debate throughout the country and install the National Commission for PRI's Reform.

As a result of all of this, and in reference to Paragraphs III and VIII of Article 15; Paragraph X of Article 17; Article 57; Paragraphs VIII and XXIV of Article 59; Article 60; Paragraph V of Article 63; Articles 82, 86, 87, 88; Paragraph IV of Article 92; and Paragraphs I and IX of Article 109 of the CEN's present statutes.

The party hereby calls for the formation and installation of a National Commission for the PRI's Reform and a thorough discussion of the subjects included on the Agenda for Reform.

A. The National Commission for the PRI's Reform will consist of the following: the CEN president, who will coordinate the National Commission; the CEN secretary general; the CEN organization secretary; the CEN regional coordination secretary; the CEN Information and Propaganda Secretary; the CEN International Affairs Secretary; the president of the Luis Donaldo Colosio Change XXI Mexican Foundation; the president of the National Ideology Commission; two representatives of the party's faction in the Senate; two representatives of the party's faction in the Chamber of Deputies; one representative of the party's faction at the Federal District's Assembly of Representatives; one representative each of the agrarian, labor, and popular sectors; three representatives of the Territorial, Urban Area, and Popular Movement; the president of the Women's Congress for Change; one representative of the Council for Women's Integration CEN; the president of the Youth Revolutionary Front; the president of the Mexico XXI Youth Parliament; the presidents of the topical and support commissions; and 10 distinguished members of the National Political Council.

B. The National Commission for the PRI's Reform will be installed on 3 March 1995 at the party's CEN offices located at 59 Insurgentes Norte, Buenavista Neighborhood, Mexico City.

The National Commission will create seven Thematic Commissions and two Support Commissions. These are the names of the commissions:

1. The PRI in the Face of the Economic, Political, and Social Situation
2. The PRI's Relationship With Public Powers
3. The PRI's Relationship With Society
4. Internal Democracy and Party Career
5. Party Organization
6. Programs and Financing
7. Doctrine and Principles
8. The Drafting Commission
9. The Communications Commission

C. The thematic and support commissions each will consist of one president, one coordinator, one technical secretary, and the party members appointed by the CEN.

D. The thematic and support commissions will be created as soon as the National Commission for Party Reform members have been sworn in.

II. The composition of the State Commissions for the PRI's Reform.

A. In the capital city of each of the states and Mexico City, a State Commission for the PRI's Reform will be created with the following members: the president of the State Management Committee, who will coordinate the State Commission; the secretary general of the State Management Committee; the organization secretary of the State Management Committee; the president of the Luis Donaldo Colosio Change XXI Foundation chapter in the state; the president of the State Ideology Commission; two federal legislators; two local legislators; two presidents of PRI municipal committees; two representatives of the agrarian sector; two representatives of the labor sector; two representatives of the popular sector; two women's representatives; two youth representatives; two representatives of the territorial movement; the presidents of the thematic and support commissions; 10 distinguished party members of the State Political Council.

B. The State Commissions will be installed on 7 March 1995 at the offices of the party's State Management Committees.

III. The composition of Municipal Commissions for Party Reforms.

A. To hold a more comprehensive consultation and debate on the party's reform, municipal commissions will be created starting 7 March 1995. The structure of these commissions is similar to that of the State Commissions. Taking into consideration the characteristics of each region, the commissions will be installed at the offices of the party's Municipal Management Committees.

B. Regarding the preceding item, commissions will be created and installed in the municipalities determined by the State Commission for the PRI's Reform.

IV. The Thematic and Support Commissions in states.

In order to hold the consultation and debate according to the approved agenda, the creation of seven Thematic and two Support Commissions is hereby authorized. These commissions will have the same characteristics and deal with the subjects approved by the National Commission for Reform.

V. The consultation and debates.

A. The consultation and debate on the subjects included on the agenda will be held after the State and Municipal Commissions for Reform have been installed by means of flexible and adequate instruments that fit the local and regional realities in relation to the party and society in general.

B. The Luis Donaldo Colosio Change XXI Mexican Foundation and its chapters in the country and the National Ideology Commission and its state chapters will set up various events for consultation and debate, which will be open opportunities for the free exchange of ideas and serve for considering and assessing the remarks and analyses of citizens and social organizations.

VI. Toward the 17th Regular General Assembly.

After the consultation and debate of the subjects for the party reform have concluded, the National Commission for Reform will collect and organize the PRI proposals. With these proposals, the commission will draft a vector document and a project of modifications and reforms of the party's basic documents. These documents will serve as the basis to convene the 17th Regular General Assembly, to be held in the second semester of the current year. The Assembly will bring about the PRI's reforms.

VII. General instructions.

The instances not discussed by this convocation will be settled by the CEN.

Democracy and Social Justice.

Senator Maria de los Angeles Moreno Oriegas, president of the CEN, Pedro Joaquin Coldwell, Secretary General of the CEN.

Mexico City, 1 March 1995.

Zedillo Asks PRI for Support in Consolidating Alliance

PA0603184095 Mexico City NOTIMEX in Spanish
2227 GMT 4 Mar 95

[FBIS Translated Text] Mexico City, 4 Mar (NOTIMEX)—Today, Mexican President Ernesto Zedillo asked the ruling Institutional Revolutionary Party (PRI) for its support and unity in consolidating a grand political alliance.

Presiding over the 66th anniversary of the PRI's founding, the leader said "I am not asking the PRI as president of the republic for an uncritical relationship, mechanical support, or undignified and sterile subordination." "As president of the republic I am asking the PRI for a rational and substantiated support within an honest relationship, stemming from objective analysis," he said.

During a ceremony that took place at the party headquarters in Mexico City, the chief of state said this support must be founded on concerted principles and objectives and agreed methods and procedures.

Addressing governors, former national leaders, cabinet members, legislators, and the municipal president, he called on the PRI to form an honest, open, solid, legitimate and democratic alliance capable of strengthening the republic for the good of its people.

Following words by Maria de los Angeles Moreno, the party's national president, Zedillo said the PRI was a party battered by events that are beyond its reach, such as the Chiapas conflict.

He also mentioned the murders of PRI presidential candidate Luis Donaldo Colosio and PRI Secretary General Jose Francisco Ruiz Massieu last year.

Healing the PRI's wounds will require the promotion of a new democracy, with the participation of all the country's political parties. He warned that those who believe any form of political progress means defeating the PRI "are mistaken and will not defeat us."

In closing his speech, the president made it clear the law will be applied without distinction, and he rejected statements blaming the party for the failures of the past administration or the mistakes of individual members.

Judge Issues Formal Arrest Warrant for Raul Salinas

PA0603221395 Mexico City NOTIMEX in Spanish
2112 GMT 6 Mar 95

[FBIS Translated Text] Almoloya de Juarez, 6 Mar (NOTIMEX)—Judge Diogenes Cruz Figueroa has issued a formal arrest warrant for Raul Salinas de Gortari, brother of former President Carlos Salinas, for alleged responsibility in the homicide of an outstanding Mexican politician.

The judge found sufficient grounds to declare a formal arrest warrant for the accused, who was arrested 28 February in Mexico City and confined at the Almoloya High Security prison in the neighboring state of Mexico.

Raul Salinas de Gortari is accused of participating in the 28 September assassination of Jose Francisco Ruiz Massieu, who was secretary general of the Institutional Revolutionary Party (PRI).

Zapatists Reject Government Peace Initiative

PA0603215695 Mexico City NOTIMEX in Spanish
1919 GMT 6 Mar 95

[FBIS Translated Text] Mexico City, 5 Mar (NOTIMEX)—The Zapatist National Liberation Army [EZLN], which operates in southeast Mexico, has rejected the Initiative for Dialogue and Peace that Congress began analyzing today.

The armed group believes the initiative is "truly a regression" from the road to an honorable and fair solution to the conflict it initiated on 1 January 1994 to demand compensation for Indians.

In a communique signed by Major Ana Maria and the Clandestine Indian Revolutionary Committee-General Command, however, the EZLN admits that the initiative represents "a sincere effort" that implies the existence of "a spirit to dialogue."

The EZLN communique states that "the spirit (of the document) shows that in Mexico's political groups, including the Institutional Revolutionary Party [PRI] and the federal government, there are people working for a political solution."

Last week, the Zedillo administration and the political parties represented in Congress drafted a bill to establish a legal basis for dialogue between the EZLN and the government.

Some of the main objectives of this consensus proposal are: to secure peace, to work on the causes of "nonconformity" in Chiapas, and to promote the incorporation of the armed group into peaceful, legal life.

The initiative says that "legal investigation processes against members of the nonconformist group who are outside the law could be suspended for a 30-day period."

The bill also establishes that participants in the dialogue, which will take place at sites agreeable to both the government and the EZLN, must go unarmed. The bill guarantees that both the participants and their property will be respected.

In spite of its rejection of the official initiative, the EZLN reiterated in its communique its willingness to resolve the conflict politically and called for a continued search for dialogue "capable of contributing to a definite solution."

According to the armed group, the bill is unfair because it proposes the creation of a verification commission with the participation of four legislators and two government and two EZLN representatives.

The armed group said that for a dialogue to be established, the government must first acknowledge the group as "an organization of Mexicans, mostly Indians" who "have taken up arms to demand democracy, liberty, and justice for all Mexicans."

500 EZLN Militiamen Turn in Weapons to Army

PA0603163695 Mexico City REFORMA in Spanish
3 Mar 95 p A-6

[Report by Daniel Pensamiento and Juan Manuel Alvarado]

[FBIS Translated Text] Tuxtla, Gutierrez—At least 500 presumed militiamen of the EZLN [Zapatist National Liberation Army] have turned in their weapons to the Mexican Army in six communities of the towns of Ocosingo and Altamirano due to the lack of foodstuffs resulting from the military encirclement imposed since 9 February.

Javier Toledo Cordova, president of the Rural Association of Community Interest, ARIC, has said alleged guerrilla defectors have turned over 22 caliber rifles to military chiefs in the communities of Santa Elena, Monte Libano, La Estrella, Ibarra, Romulo Calzada, and La Laguna.

He has said that approximately 100 presumed Zapatists had returned to Ibarra and that 100 more had returned to Santa Elena, La Estrella, Romulo Calzada, Monte Libano, Ocosingo, and 17 more to La Laguna de Altamirano.

Governor Cesar Ruiz Ferro has received Adolfo Giron Lopez, one of the group of 17 alleged Zapatists who defected from the EZLN in La Laguna de Altamirano in the past few days.

"We were hired by a so-called Javier Hernandez to farm in EZLN-controlled territory. We never wielded weapons and only engaged in planting beets. They promised to give us land and homes," he has said.

A group of individuals wearing ski masks in Las Margaritas, wielding high-powered weapons and dressed in EZLN garb, killed Miguel Suarez Culebro, brother of a councilman of this area, the morning of 2 March according to the state police.

The police have said the hooded men used two knives to stab Suarez twice in the heart and to behead him. They fled into the Lacandona Jungle, the report added.

It is believed the individuals used the high-powered weapons to intimidate Suarez Culebro before stabbing him to death, thus avoiding making noise that would have tipped off his family or the military camp near the municipality.

The Attorney General's office has created a Special Prosecutor's Office to assist in finding legal mechanisms that will permit the release of more than 600 Indians who are in state penitentiaries.

Gilberto Trinidad Gutierrez, who will be in charge of the Special Prosecutor's office, has said this legal body will handle cases of Indians who have been indicted or sentenced for federal crimes.

"Chiapas will be the first state in the country to have a Special Prosecutor's Office to deal exclusively with cases of Indians who have been indicted or sentenced," he has said.

Observers Estimate 20,000 Chiapas Refugees

95CA0147A Mexico City LA JORNADA in Spanish
24 Feb 95

[Report by Jose Gil Olmos and Elio Henriquez; received via Internet]

[FBIS Translated Text] San Cristobal de las Casas, 23 February—The International Observation Committee has estimated that in the Lacandon Forest and the mountains there are about 20,000 Indians who began an exodus 12 days ago, fleeing the "repression" of the Mexican Army.

They indicated that it is not true that the Office of the Attorney General of the Republic (PGR) is in charge of the operations launched to arrest the alleged leaders of the Zapatist National Liberation Army (EZLN). "We have only seen federal army troops, so there is a sharp

contradiction of the federal executive branch's assertion that the Army will merely cooperate with the PGR. Contrary to that statement, the federal Army, which is heavily armed—even with highly sophisticated weaponry—is advancing day after day."

Members of the committee, which is made up of Mexican and U.S. organizations, also revealed that the Army is using the "displaced persons" who were staying in shelters to populate the towns that have been abandoned so that there will be an official appearance of residents there.

They complained that army troops who are being billeted at the Yaxolob Ranch in the municipality of Altamirano have refused to give water to the Indians of Lazaro Cardenas, while in the community of Nuevo Momon, municipality of Ocosingo, Solidarity water trucks were brought in to supply water to the few residents installed there and to the soldiers.

Tom Hansen, director of Pastors for Peace, at a news conference held by the members of the committee, provided the estimate of some 20,000 "internal refugees." The estimate is based on the committee's tour of towns, ejidos, hamlets, and shanty towns in the municipal jurisdictions of Ocosingo, Altamirano, and Las Margaritas. "It is just a calculation," he admitted, pointing out that the visits have not penetrated further into the forest where it is assumed that the highest percentage of the "refugees" are located.

The members of the International Observation Committee declared that the Army has continued to make incursions into the forest, where the forces of the EZLN are deployed and thousands of civilian Indians have taken refuge.

Toward Ocosingo, they noted the military presence in Monte Libano, Santa Elena, Agua Azul, Tani Perla, and Perla de Acapulco. Residents of the latter town sent a letter to President Ernesto Zedillo with 136 names of Indians and officials in which they expressed their disagreement with the Army's presence, "because they accuse us of belonging to the EZLN, while we are members of the independent and democratic Rural Associations of Collective Interest (ARIC)-Union of Unions." They complain that "the Mexican Armies are pressuring the women to make tortillas quickly for them to eat," and they further state that the soldiers conduct patrols every night, which spreads fear.

"Mr. President of the Republic, we want you to issue an order to withdraw the Mexican Armies, because we are not used to living alongside Armies."

The binational committee, which consists of the Pastors for Peace of the United States and the Mexican groups Ricardo Pozas University Caravan, the Fray Francisco de Vitoria and Don Sergio Mendez Arceo Human Rights Centers, the University Network for Democracy, the Civil Arena for Peace, and Federal Deputies Martin Longoria and Leticia Calzada, stated that it will issue an

assessment report that will be sent to Amnesty International and other U.S. organizations.

1,000 Soldiers Reported In Cuxulha

Meanwhile, residents of the community of Cuxulha, municipality of Ocosingo, which had declared itself a rebel municipality under the name of "Che Guevara Municipality," reported that about 1,000 soldiers entered the town yesterday and pressured the populace to betray their leaders.

They indicated that the troops, "disguised" behind "social service" activities, go into houses to search and to question men and women.

Patrols were also conducted in the vicinity yesterday evening and all day today to search for "Zapatists." These actions intimidate the population and keep people from going to work.

The soldiers, said Cuxulha residents, are heavily armed and arrived with 12 tanks, which makes it impossible to believe they are going to carry out "social work."

Health Hazards to Displaced Chiapans Seen

95CA0153A Mexico City *REFORMA* in Spanish
24 Feb 95 p 5A

[Commentary by Miguel Angel Granados Chapa, journalist and member of the Federal Electoral Institute's General Council: "Emergency in the Forest"]

[FBIS Translated Text] Bullets are not the only things that kill people in wartime. Hunger and thirst can achieve the same lethal effect. This has happened to the residents, especially the women and children, of the Zapatist communities who have been driven into the jungle by the advancing Federal Army. For their sake, for the sake of their lives, the troops must urgently retreat to their positions as of 8 February. To do so will not tarnish the military's reputation for bravery or represent a political defeat for the government; much less will it signify a breakdown of law and order. Rather, it will save the lives of people exposed to the elements who might otherwise perish as victims of persecution.

The urgency of the move contrasts with the weary pace of political negotiations. The Army began its advance on 10 February, two Fridays ago. Therefore, the exodus of the communities controlled by the Zapatists has been going on for two weeks now. This is a very long time, almost an eternity, for those who fled before the military harassment. Some presences in and of themselves represent harassment, especially when they are accompanied by light tanks and high-powered, long-range weapons. Since then, the shortage of water (or the consumption of water deposited in natural depressions, old, putrid water) is decimating populations on the march, which have found, despite being inured to poverty, that life can be even worse than they have always known. Hunger can be withstood. They have developed that aptitude

through long years of practice. But no one can learn to live without water and without medicine for intestinal illnesses.

Meanwhile, slow-paced politics does its job. There have undoubtedly been gains, even if they must be measured in millimeters. The Legislative Commission for Dialogue and Reconciliation went to Chiapas and returned to Mexico City. Its trip was beneficial because its members saw the terrible tragedy besetting the newly displaced persons. And they probably also realized the urgent need to create buffer zones so that the communities can resettle and receive supplies to deal with their extreme hardship, which has been accentuated today if that is possible. But the time constraints of legislators are different from those of the victims of the recent evolution of the Chiapas conflict. So, Congress will observe its own pace and allow a full week to go by before considering the president's request for a special session. In addition, the commission asked for a three-day break to build a consensus around a common initiative of the parties. And since this juncture in the Chiapas crisis coincided with the signing of the financial accords with Washington, the complications involved in convoking the Congress of the Union during its recesses prompted a decision to convene it to take up both the financial deals on which the government has embarked and the terms of a solution to the Chiapas conflict, which is brutalizing its victims every day since they cannot call for adjournments.

The president of the republic, for his part, is also stretching things out. In his eagerness to make the Legislative Branch jointly responsible for his actions in Chiapas (except when he has intensified them, in which case he makes unilateral decisions), he did not send Congress an amnesty bill; instead, he waited to draft one together with commissions of senators and deputies. Then, he chose to broaden the scope and even lengthen the name of the bill that he wants to see Congress pass. So, this is a bill for dialogue, reconciliation, and honorable peace in Chiapas. A bill that goes beyond amnesty will no doubt require additional sessions for debate and passage. Meanwhile, death does not tarry in the forest.

Therefore, urgent action is necessary, notwithstanding which our institutions can continue their work unhurriedly. The president of the republic must urgently order the Army to return to its positions as of 8 February so that the exiled communities can return to their towns. Their life there is not much better than in the forest, and the forest in itself is not their enemy. But if their involuntary trek through the highlands ends and they stop having to live from hand to mouth, they can at least devote some of their energies to remedying the new woes besetting them.

It would not even be necessary to cancel the arrest warrants issued for the alleged Zapatist chiefs. That is a different issue. It has to do with the possibility of a dialogue with the Zapatist Army of National Liberation.

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Common sense would indicate that the spokesmen would need to be given full guarantees for this purpose. Today, right now, however, the urgency lies elsewhere. We are not talking about politics, that is to say, about power; we are talking about human beings, that is to say, about lives. The point is not to choose simplistically between what is urgent and what is important. Both must be addressed. In-depth solutions must be sought with the necessary aplomb. But we must hurry to win the race with death in the forest.

Political Use of Military Criticized

95CA0148A Mexico City *REFORMA* in Spanish
16 Feb 95 p 7A

[Commentary by Colegio de Mexico historian and international relations specialist Lorenzo Meyer: "A Tortuous Transition to the Right"]

[FBIS Translated Text]

The Double Standard

For the loyal and close enemy, the one who supports by resisting, recognition of his victory: Jalisco. For the irretrievable enemy—the Cardinists—systematic hostility with no qualms about breaking the law. For the radical enemy—the Zapatist National Liberation Army (EZLN)—the full weight of a selective law, the one that is enforced only against enemies and the weak and defenseless. That has been and continues to be the nature of Mexico's transition from the authoritarianism that could not be sustained to the democracy that never arrives: a slow, costly, selective, erratic transition.

Dangerous Policy of Arms

The power elite, which now includes the National Action Party (PAN) on a marginal basis, at the last minute tried to achieve with arms what they could not achieve as economists, much less as statesmen: a guarantee of security and direction for national development. Indeed, the use of the Army to restore presidential authority in Chiapas was the attempt of a stagnant political system to prevent its institutions—especially the presidency—from crumbling in its hands and threatening the vested interests that lie in the shadow of a corrupt and untrammelled power.

For this political elite, today dominated by economists who were unable to control the macroeconomic variables, venturing into the unknown territory of military policy may turn out to be very dangerous. Observe: On the night of the 12th, the press secretary of the Interior Secretariat declared that "there are absolutely no incidents of war in Chiapas," while at the southern end of the country, a military official was contradicting him. In fact, in the area of conflict, Guadalupe Tepeyac, Gen. Ramon Arrieta, at the head of the paratrooper brigade (an elite corps), said in response to a suggestion that what

was happening in Chiapas should be called the postwar period, "No, it is war." Military logic threatened to take precedence over politics.

It is relatively easy to unleash the dogs of war against a lesser force like the EZLN, especially if it is businessmen, PRI supporters, television, speculators, and similar types who are beating the drums and raising the banners. Nevertheless, after some time has gone by and they have already had a taste of blood, it may be hard to tie them up again. That may be why the president decided on the 14th (Valentine's Day) not to continue along the course he had set just days earlier, on the 9th. An erratic action, but better than the alternative.

Military Solution Not Really a Political Solution

Every time the post-revolutionary Mexican Government has had to use the Army to solve a political problem, it has been because its institutions and leaders have failed.

In Mexico, the use of the Army to cover weaknesses, errors, corruption, and abuse by the political leadership is not frequent, but neither is it rare. Examples abound. There was the massacre carried out by the Army in Leon on 2 January 1946, the result of an electoral fraud that finally could not be sustained. A similar thing happened in the Plaza de Armas of San Luis Potosi on 15 September 1961, when the government resorted to violence to put down the Nava supporters' protest against electoral fraud; the Navists retreated, but the movement did not die. The massacre perpetrated by the Army on 30 December 1960 in Chilpancingo was to be followed by another in Iguala, and the Guerrero Civic Association was denied any electoral victory; that was when the seed was planted for guerrilla warfare by Genaro Vazquez and Lucio Cabanas. The Mexico in which those guerrillas would operate was an urban Mexico disturbed and agitated by another violent Army action, the repercussions of which are still being felt today: the massacre of 2 October 1968. That repression was followed by the dirty war of the 1970's ... and the decadence of the PRI system.

The above examples serve to demonstrate that the solution of taking up arms in a system like Mexico's, whose legitimacy was seriously flawed at its origin, is not a real solution, but a postponement that complicates the real solution and further deepens its historic illegitimacy. It is true that Max Weber defined the essence of the modern state as a monopoly of legitimate violence, but although the Mexican state has quite a capacity for violence—police and Army—it lacks the legitimacy to exercise it fully. This was proven by the demonstration staged in the nation's capital by tens of thousands of citizens last Saturday to protest the military action ordered by the president in Chiapas.

Contradiction

Contradiction and incompetence seem to be the trademark of the nascent administration. The president's justification

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for ordering the use of the Army against the EZLN did not stand up to the test of logic. In December, the message from Los Pinos regarding the conflict in Chiapas showed a patience worthy of Job and a recognition of the Zapatists' serious grievances. But that supposed patience was combined with the president's decision to go personally to Tuxtla Gutierrez to express his support for the PRI governor of Chiapas (who has since fallen into disgrace despite the original support), Eduardo Robledo. This was a man who represented the very *ancien regime* against which the Zapatist Indians had rebelled on 1 January 1994, and whose election lacked the cleanliness that the circumstances demanded. Weeks later, the National Political Accord would be signed at Los Pinos. This alleged "refounding of the Republic" came with a promise to find a quick solution to the post-electoral problems of Chiapas, Tabasco, and Veracruz, but the rebellion against the center of the PRI governor of Tabasco, Roberto Madrazo, who was affected by that commitment, destroyed the accord. Then came the crackdown: the military action in Chiapas. But it was followed almost immediately by a counter order, even though the original objective of arresting rebel Deputy Commander Marcos was not accomplished.

On the eve of the Army's advance on the EZLN's positions, the Legislative Committee for Dialogue and Mediation in Chiapas had offered the possibility that Mexico would not follow the Central American road to war. The president of the Employers Confederation of the Mexican Republic (Coparmex), though impatient, had just ruled out a military solution in Chiapas; and the director of the Mexican Institute of Small and Medium Business had taken a firm stand against that possibility. Nevertheless, the president unexpectedly announced on the 9th that he had just ordered the police and the Army to arrest five of the non-Indian leaders of the Chiapas insurgency "because of their alleged participation in the commission of multiple felonies." The right hailed the move, while business leaders made an about-face and supported it enthusiastically. Today we are back at the starting point: looking at the dialogue again, how can we explain and accept such contradictions?

The reason for the government's crackdown, in the president's words, was the discovery of "an arsenal of high-power weapons" that proved the EZLN was "about to undertake new acts of violence" in other parts of the country. The alleged arsenal exhibited by the Office of the Attorney General of the Republic (PGR), however, turned out to be nothing of the sort. Most of the materiel displayed were books, pamphlets, diskettes, photographs, and even a copy of THE NEW YORK TIMES! In the face of an army that was rearmed at a cost of hundreds of millions of dollars in 1994, the weaponry shown was negligible. In fact, the atmosphere surrounding the display of evidence of an imminent EZLN offensive at an Attorney General's Office headed by a PAN member was that of an outmoded, absurd, ridiculous anticommunism.

A Possible Reason

Given the disproportion between the act—seeking a military solution in Chiapas—and its justification, we can only suppose that the military option was chosen because of the need for Dr. Ernesto Zedillo to restore the image of a strong president. Perhaps there was also the certainty that in a quick operation the Army could capture Marcos and deal a spectacular blow that would enable the president to regain the political initiative that he had lost with the devaluation and its terrible aftermath. Mere conjecture to try to introduce logic into events that appear to be entirely illogical.

With Deputy Commander Marcos and the entire EZLN confined to a forest that, as Gen. Arrieta said, "swallows the troops"; with a burgeoning social mobilization that shows how deep the political polarization is; and with international public opinion demanding access to the theater of operations to determine whether there is any truth to the charges of human rights violations made by Zapatist Maj. Ana Maria, among others, the chief executive decided to make a virtue out of necessity and order the Army to halt its advance. He also forced a governor whom he had previously supported to step down in order to remove a great obstacle in the negotiation with the rebels. The latter, moreover, are now more encircled but more united.

Change: Erratic and Rightward

Political change in Mexico is a fact, as the PAN has shown in Jalisco, but this is an erratic change. It does not inspire the enthusiasm and confidence in the future that it should and could. The political cost of Presidents Miguel de la Madrid's, Carlos Salinas's, and Ernesto Zedillo's resistance to new developments has been high, and may get even higher.

As long as Mexican authoritarian power resists ceding the political territory that legitimately belongs to the peaceful left, trusting solely in its arrangement with the PAN, conflicts such as that of Chiapas, which drain the country's energy for solving its grave economic and social problems, will continue to arise.

Dr. Zedillo and his advisers should rethink their strategy, get rid of the "see no evil, hear no evil" attitude once and for all, and begin adding instead of subtracting. What the PRI and the informal groups of corrupt power embedded in the government apparatus stand to lose, the rest of us Mexicans, the vast majority of the population, stand to gain. There can be no effective economic modernization without political modernization, and that political modernization cannot take place if a major part of the spectrum of forces in the country continues to be excluded. The time to resist change is over; now it is time to channel that change and make sure that arms never again appear at the center of political debate.

PJF Director Claimed Poisoned; Security Chief Suspected

95WB0025A Mexico City PROCESO No 954
in Spanish 13 Feb 95 pp 28-33

[Article by Carlos Puig]

[FBIS Translated Text] His eyes are open; Juan Pablo de Tavira sees, hears, and perceives everything from his bed in the intensive care unit of the ABC Hospital. A witness to his own tragedy, the Federal Judicial Police [PJF] director cannot, however, communicate with the world, nor repeat before a judge what he told his family and officials from the Attorney General's Office [PGR] during the few days that he enjoyed the full use of his faculties:

The fact that he is convinced that, at dawn on 24 December 1994, he was a victim of an attack on his life at the hands of his personal guard.

The PGR investigation, still under way, the medical opinions in Mexico City and abroad, the expert appraisals, and the reconstruction of the incidents which occurred that night at his residence on the Mexico City-Toluca highway, based on statements from the main participants, support the family's certainty: They direct the suspicion toward Commander Alberto de Jesus Castillo de la Riva, his chief aide, and coordinator of his personal guard force.

On the morning of 24 December, Attorney General Antonio Lozano Gracia was waiting for De Tavira in his office. The appointment of the Judicial Police director was, like none other, the one in which Lozano Gracia "took pride." He had commented: "A person of his caliber does honor to the institution and the country."

The appointment was to review De Tavira's plans for cleaning up the institution, so as to professionalize it. Commanders were to be replaced, and corruption would be attacked. Infiltrated by the drug traffic, it had to undergo a shakeup.

A phone call substituted for the criminologist's presence. De Tavira was in a Toluca hospital, they informed the attorney general. An "accident" had occurred; he was "poisoned."

Calls were made from the Attorney General's Office to the Mexico State Government, ordering that De Tavira was to be given the best treatment. He was moved from the Toluca Medical Center to the American British Cowdray Hospital, commonly known as "El Ingles" [The English].

Within a few days, De Tavira regained consciousness, promised to return to his post, and immediately began working. Personally, from his bed, he interrogated part of his guard force and other participants regarding what had happened at dawn on the 24th. He spoke with Rafael Estrada Samano, an assistant legal prosecutor in the PGR, revealing his suspicions to him. He promised

Lozano Gracia that he would be heading the Judicial Police within a few days, claiming that he himself would conduct the investigation of the attack. He conveyed to his family his certainty that they had tried to kill him.

His guard force remained with him. He responded to his family, which questioned the presence of his escort force at the hospital: "I want to have them close; it's better that way. They don't matter so much to me; but finding out who paid them does matter." However, immediately after the attorney general learned of his suspicions, members of the Presidential Staff replaced the Judicial Police as guards.

On 30 December, he was discharged from neurological treatment, but was still suffering from a lung infection due to what he had breathed on the night of the 23d.

On 8 January, he left the hospital, having been discharged, and everything appeared normal. The investigation of the incident was slowed down; no one knows why.

On 9 January, he returned to intensive care after a crisis, in which his brain stopped controlling his motor functions.

The magnetic resonance test of the brain made on 10 January showed the first indications of a delayed demyelinating encephalopathy syndrome. Myelin is the substance that permits good conduction of impulses from the nerve endings. The next seven days were critical; a pacemaker had to be applied by catheter, and the possibility of installing a permanent one was debated.

Unconscious for days, he would awaken with violent emotional reactions.

On 16 January, another magnetic resonance test confirmed the diagnosis, startling the doctors. Poisoning with gas or carbon monoxide does not cause delayed demyelination; or, the possibility is less than 3 percent.

Consultations came and went, with second opinions, and trips to the United States to consult with specialists. They all began to agree: it was not a normal poisoning, nor one caused by carbon monoxide or butane gas. Poison gas was the frank opinion of a specialist in Boston; altered butane gas, claimed one in Houston. The prognosis: reserved.

Where were the initial expert appraisals? Where were the preliminary analyses that might indicate what had poisoned De Tavira?

Nearly a month after the incident, Attorney General Lozano Gracia appointed Commander Enrique Gandara Chacon as acting Judicial Police director, and ordered the investigation to be intensified.

When it was resumed, the PGR realized that others also were probing on their own, and not to reveal the truth. The battle was reflected in the press as well. Leaks to the newspaper REFORMA, without a source, claimed that De Tavira had attempted to commit suicide. LA

JORNADA, based on "official sources," said that it might have been a "contrived gas leak."

The PGR emphatically refuted REFORMA, but did not report everything that it already suspected, nor that an investigation was in progress.

The war began on other fronts as well. According to information obtained by PROCESO at the Toluca Medical Center, during the first week of February two judicial agents showed up to see De Tavira's records. They were informed that they needed a court order, for the records to be turned over to them. By Friday, 10 February, they had not returned.

Sources close to the hospital reported that the test to determine what type of gas had caused the poisoning, the drug test mentioned by Luis de Tavira (see box), was made by an expert from the State Attorney's Office, at the express request of the hospital. By the close of this edition, no one knew where those tests were.

Meanwhile, at the English Hospital, they had succeeded in "stabilizing" De Tavira. Since then, he has been failing.

Mutism and mental confusion are the first permanent symptoms; they are symptoms resembling those of Parkinson disease. His daughter, Marina, claims that she has managed to communicate with him at times. Although they differ technically about the causes, all the doctors agree on the treatment: nothing can be done.

Some substance that he breathed or ingested during his poisoning caused a gradual destruction of the myelin.

Some specialists give De Tavira months; others, years. The most optimistic say that if his body reacts like that of a person under 35 years of age (he will soon be 50), he would have a chance, albeit minimal, of recovering part of what he has lost. Others do not even give him that. The family has faith.

And, with the slowness of the official investigation and the impossibility of communicating with the one who is still the Federal Judicial Police director, everyone continues to wonder and speculate about what happened on the night of 23 December and the morning of the 24th.

The Night of the Crime

The key to what occurred lies in the seven hours that elapsed from 0300 to 1000 hours on the 24th, the time of his entry into the Toluca Medical Center.

According to the statements of his chief aide, Commander Alberto de Jesus Castillo de la Riva; the rest of his personal guard force; his driver; Mr. Cesar Puebla, his neighbor and friend; and the nurse who first attended him, with some information given by De Tavira himself to his family, the circumstances surrounding that night can be reconstructed. Much of the account is based on the statements made by Puebla and Del Castillo, not only because they are the most important, but also

because they contradict one another at critical times. The rest of the guard force agrees, for the most part, on its accounts, which also contradict the commander.

There was more than enough warning. During his last days as director of the Almoloya high security center, a pistol in De Tavira's house "had been fired" at one of his escorts. Owing to the circumstances of the case, he decided to remove that person from his guard force, and investigate him.

On 16 December, about 0300 hours, De Tavira arose with nausea and a headache. He had to leave his house located on the Mexico City-Toluca highway to get some air. He ordered his guard force to make a check, and to have all the gas facilities repaired. Everything operated perfectly for six days.

On 23 December, Juan Pablo de Tavira lunched at Arby's restaurant in downtown Mexico City: a hamburger, because he had to purchase some clothes and last-minute Christmas gifts, some for his children. He was accompanied on these errands by his security chief, Castillo.

In the mid-afternoon, the escort force picked them up at a shop, and they drove to the PGR offices for the Christmas party, attended by Attorney General Lozano. De Tavira talked with his chief, and they confirmed their meeting for the next day to analyze the proposal for re-forming the Judicial Police and possibly removing certain commanders.

From the Attorney General's Office, De Tavira went to Polanco, to dine with his sister, Martha, and his brother-in-law. Castillo entered the restaurant with him. When De Tavira's brother-in-law saw Castillo entering, he did not look happy. They had already informed Juan Pablo of their dislike for Castillo, and the fact that he was taken everywhere. However, they realized that this was Juan Pablo's nature. At his home, when he was married, the maid always ate at the same time and same table as the rest of the family. De Tavira would say: "She lives here; so, she lives like us."

This time, the brother-in-law won. Castillo had to leave.

"After leaving the Attorney General's Office, we followed the van in which the doctor and the commander were riding. They went to a restaurant in Polanco, near the Hard Rock Cafe. We saw the doctor enter the restaurant accompanied by Commander Castillo and, about 10 or 15 minutes later, the latter came out, and remained waiting." (Escort)

"They came out a shortly after 0300 hours, arriving at the chief's house about 0330 hours. The chief's instructions were that they would meet at 0830 hours the next morning. It should be added that the chief is divorced and, as has already been mentioned, lives alone. I arrived home about 0820 hours... (Castillo)

"As soon as Doctor De Tavira left the restaurant, they sent us in another car at Commander Castillo's order; we were to ride in the Cavalier. Upon reaching the house, Commander Castillo was the only one who entered with Doctor De Tavira. After awhile, Commander Castillo came out, telling us that we had to remain waiting." (Escort)

"...We arrived about 0300 or 0330 hours at the doctor's house; and there, the only one who entered the house, accompanying him, was Commander Castillo. He came out in about 15 minutes and told us to wait; then he left." (Escort)

"Castillo remarked to the doctor (in the car) that it was very late, and the doctor agreed that it was really very late. Therefore, the next day they would not go to the sport club, but directly to the appointment with the attorney general. They had to wake him up when they arrived at his residence, because he remained sleeping along the way. Doctor De Tavira got out of the vehicle with Commander Castillo, who accompanied him inside the house, staying inside for about five minutes." (Escort)

That night, De Tavira may have slept thinking that Castillo was doing the same in another bedroom of the house, because he told him that they had five hours of sleep left, and that it was a waste of time for him to take the round-trip to Mexico City. Castillo left.

The rest of the escort force remained in an annex of De Tavira's house, adjoining that of his neighbor, Cesar Puebla, a dog breeder with whom he had formed a close friendship. He had once invited Puebla to train the dogs at the Almoloya prison. Every day, De Tavira used to run with Puebla in the morning.

"On the 24th, I left for Toluca; it must have been before 0700 hours, because I take the bread left over from the day before to feed my dogs. Since Mr. De Tavira did not come out, I went to do the bread procedure, spending approximately two hours on that...." (Puebla)

"About 0630 hours, we were ready, and at nearly 0700 hours, Cesar Puebla and his aide left. Commander Castillo arrived about 0830 hours, and asked us whether Doctor De Tavira had come out to run. We told him he had not, and that we had been waiting since early morning. About an hour later, since the doctor had not come out, Commander Castillo asked us again whether we were sure that he had not left the house. We answered that he had not." (Escort)

"...It was 0840, then 0845 hours, and he had not come out. When he thought that the chief might have gone out to run, he asked the boys whether he had done so. The only one who came out was Cesar Puebla. He (Castillo) boarded the van and dialed the cellular phone. It was 0900 hours; he persisted again, opening the screen door and inspecting the windows. He approached from the outside, finding everything dark. He went near the

chief's room, and saw the door open. Mr. Puebla's wife came out, and asked the commander whether he had called him on the cellular phone. He said yes, but that there was no answer; and then asked her for the keys to the doctor's house. Just then, Cesar Puebla arrived. He asked Cesar to accompany him; they entered the house and went to the chief's bedroom. He was lying down on his back, with his head pushed under the pillow, where there were books. He was wearing a dress shirt stained with vomit, breathing with difficulty." (Castillo)

"After awhile, the commander asked the neighbor's wife for the keys, entering the house alone. He stayed about 15 minutes, came out, and told us that the chief was asleep and seemed very tired. Commander Castillo remained with us. When the neighbor, Cesar, arrived, he greeted him and the two entered the house. They did not stay, and the neighbor commented that the doctor was apparently ill and that he was going for a doctor. The commander noted that he might have been very tired from so much stress, pressure, and lack of sleep, because of the late hour that they had arrived. Commander Castillo remained outside with us...(Escort)

"When Cesar entered his house to feed the dogs, with the keys still in his possession, Commander Castillo entered Doctor De Tavira's house alone, remaining 10 minutes. When he came out, he told the escort that the doctor was still there, sound asleep; that he was all right, but very tired from stress and work. Cesar arrived later..." (Escort)

"...I parked my van, ran out, and entered the doctor's house. Castillo had already entered, and when I arrived Castillo was standing beside the doctor on the window side. Castillo remained there, telling me: 'He has taken a bad turn.' I noted that the doctor had thrown up; one side of his shirt was soiled, and his snoring was very harsh. The doctor was snoring very harshly, and seemed to have trouble breathing. After that, I told Castillo that this was not because he was tired, and that he had to do something. Since I saw that he was not taking any action, I ran out to my house. The escorts were there, and they asked me what was going on. I don't remember what I answered. I told them that I was going for a doctor. I took my wife's car and drove off to get a doctor." (Puebla)

"The commander was left alone with Doctor De Tavira; he went to the door, telling the escort force that the doctor was asleep. He then ordered them to take off for the general directorate (in Mexico City). The driver was ordered to go for a doctor. Cesar arrived with a nurse; before this, he had removed the doctor's shirt....(Castillo)

"Upon arriving, she checked Doctor De Tavira's vital signs, and took his blood pressure, which was low, about 40 beats a minute. Then she began making him comfortable. When he started to respond, he had normal color and no gas odor was perceived. She noted that a coffee-maker was turned on while the doctor was being treated.

She tried to learn the causes for the doctor's unconsciousness, asking whether there were any signs. Mr. Castillo commented that he was tired and exhausted from the burdens of his work. When she saw his condition, she did not think that it was from exhaustion." (The nurse)

"I couldn't get a doctor, but I called an ambulance. Upon parking, I saw Commander Castillo outside. He said that there was no problem, and that what the doctor was suffering from was exhaustion, from so many days of work, and that he was sound asleep. I did not stay with him, but entered the house, and the doctor was there without a shirt. I shook him and called: 'Doctor Juan Pablo.' I shook him but he did not answer me. Then, Castillo was standing next to me, and I told him: 'This can't continue.' He said: 'Of course not; he is exhausted.' Then I told him that this was not so, and left. I saw the nurse coming then. She was worried, because there were no reflexes in his eyes. While she was examining him, I opened the windows; the front door was already open; Castillo had opened it. When I noticed that the heater was turned on, I turned it off. I felt peculiar. I opened all the windows; I don't remember whether the nurse or Castillo told me that he would freeze. I told them that it would cure him of pneumonia, and that I wanted to be sure he was breathing and that this was not due to the gas; because... there was no gas odor, and the nurse saw no signs of poisoning. I tried to take the doctor outside his house; we had vehicles and people, but I'm not sure what time that was. Castillo returned to the escort force; that is, he ordered the escort force to be relieved in Mexico City. When I returned from seeking the physician, Castillo told me that nothing was happening, that he was asleep. Then he sent the escort force to Mexico City, because when I left the house they were gone. I was desperate, because I didn't see anyone taking any action to do something for him." (Puebla)

"The commander ordered us to return to the Attorney General's Office." (Escort)

"Finally, she commented that Commander Castillo's passive way of acting seemed strange to her, because this was an emergency, and she did not observe any haste for having Doctor De Tavira treated as he should have been. She also asked how it was possible for someone to decide to drink a cup of coffee in a situation of this kind." (The nurse)

"Finally, we carried the doctor, reaching the ambulance, and they boarded it. Castillo told me to get in the patrol car and follow the ambulance, which I didn't do. I got in with the doctor, the ambulance took off, and we went to Toluca. They asked where we should go, and Castillo told them that it must be the best hospital. We headed for Toluca; by then, the doctor had no reaction or anything. After we entered the industrial corridor, the doctor began throwing up. He was lying on his back, and began to...I thought that he was choking, because he had all that vomit. Then I poked the stretcher-bearer, because he was looking at

something else, I don't know what, and told him that the doctor was going to choke. Then he caught on, and began putting on his gloves. I couldn't help it, I was desperate; so I pinched the doctor's nose and removed everything from his mouth. I opened his mouth, inserting my finger, trying to remove everything, because I thought that he would choke... I talked to him for a long time, and he finally opened his eyes. He was so desperate, trying to say something, I don't know what. Well, I spoke to him, but he lapsed into unconsciousness again... Finally, we arrived at the hospital.

"After a short time, the physician came out and told me that Doctor De Tavira was in a deep coma. They asked us questions about whether he had been drinking, whether we knew if he was taking drugs, what we knew about him, to find out where to look for something. I heard Commander Castillo tell them that he had been drinking, that the gentleman had dined and had taken three drinks. Later, because the physician was probing, I asked Castillo: 'Did he really have three drinks?' He told me that he had not, that he had taken more; and he said nothing more to me." (Puebla)

"She said that she never noticed any alcohol on his breath." (The nurse)

There is no trace of alcohol in the medical examinations made, nor do the symptoms of his illness conform to alcohol poisoning.

According to all the deponents, Commander Jesus Castillo de la Riva is the one who holds the secret of what occurred during the 15 minutes that elapsed from the time De Tavira entered his house to sleep and he himself left to go to Mexico City. Another crucial 15 minutes are the ones that the commander spent alone with De Tavira during the morning, ending when he left drinking coffee and informing the escort force that the chief was "sound asleep."

First Commander Castillo de la Riva has no commission, but is free, attached to the acting general directorate of the Federal Judicial Police which, until 23 December, was headed by Juan Pablo de Tavira. He is now lying in the ABC's intensive care unit.

[Box, pp 28-33]

[Article by Luis de Tavira, brother of Juan Pablo]

Far more because of the nobility that inspires his courageous record than out of the grief, indignation, and anger evoked by the cowardly way in which they attempted to annihilate him, I am prompted by the desire to tell what I know about the attack suffered by one of the persons whom I love and admire most deeply: my brother, Juan Pablo de Tavira.

I do so publicly, because the war in which he has been brought down is the war waged by Mexicans who still believe it possible to rescue the country from the state of

degradation that is holding it hostage to corruption, injustice, and unpunished, institutionalized crime.

I must refute the slander that has emerged to conceal the true reasons for his absence from the directorate of the country's most important police force. That slander is seething in the cauldron of rumors to which Mexican society appears to be doomed. We are the country in which no one knows anything. The disinformation represents violence, injustice, and impunity.

In the case of this attack, the rumors plotted and spread by various means, of themselves alone, expose at least two intentions: on the one hand, they are aimed at liquidating the prestige of someone whom they have not succeeded in killing physically; and, on the other, they are seeking to discourage any demand for an investigation that would lead to those responsible for the conspiracy: one more added to the sinister scheme of the great conspiracy that we Mexicans are suffering.

There is every indication that Juan Pablo de Tavira was poisoned with gas by his own guard force and trusted personnel, a few days after having been appointed General Director of the Federal Judicial Police, at dawn on 24 December of last year.

Rescued a few hours after his attackers had considered him dead, he survived miraculously. After two days in a state of coma, he regained consciousness for a week, during which he was able to reconstruct the events, interrogate the leading witnesses, analyze the case based on his professional criminological methods, and draw conclusions that would put him on the trail for uncovering the plot of which he was a victim, in the very institution whose direction he intended to resume as quickly as possible. During the first days of January, he was discharged by the doctors; but, a few hours after leaving the hospital, he succumbed to the delayed demyelinating encephalopathy syndrome resulting from poisoning with deadly gas. He is now struggling between life and death, subject to a reserved medical prognosis.

It was a long predicted attack. During his lengthy career as a criminologist in the various responsible positions that he held in many prison centers, or heading preliminary investigation agencies, or directing professional training centers for investigators or police, Juan Pablo systematically dealt with the vices, uses, and abuses of judicial institutions. His work was tireless and unswerving, in his aim of eliminating corruption, professionalizing social rehabilitation, and reconstructing the justice system. His record of integrity has been irreproachable, courageous, and effective. Hence, he became a threat to the business of corruption. The threats to his security became frequent, and even common. He was fearless, but lived in a state of constant alert, performing untiring work, which became a way of life.

From the last few months, I recall some incidents that now seem particularly significant to me. Shortly after

putting the high security prison at Almoloya in operation, he also enacted a stringent program that eradicated the purchase and sale of privileges, luxuries, and vices among the inmates. Most of all, however, it prevented the drug trafficking "capos" from continuing to direct their rings from prison. At that time, Juan Pablo had to deal with an expensive press campaign against him, paid for by the drug traffic, and coordinated by the lawyers of the captured "capos." In full page newspaper notices, they they protested alleged inhuman treatment. Juan Pablo responded, explaining his motives and reasons to the public. The protests did not progress, but Juan Pablo was left as a visible obstacle to the Mafia's interests. The authorities responsible for national security expressed their support for him, offering him an armored van. Dreadful days began, during which he had to cope with tremendous pressure. After Cardinal Posadas' assassination and "Chapo" Guzman's capture, it was decided to confine the drug trafficker in the Almoloya prison. Juan Pablo told his superiors that he considered it a serious mistake to send a prisoner who was supposed to be tried to a center designed only for those convicted. At Almoloya there are no courts nor press rooms; therefore, the holding of such a publicized trial would seriously disrupt the regulations guaranteeing security and the system itself at the prison. Despite his objections, he had to obey orders from his superiors, and solve the problems that he had foreseen. It was then that he expressed his desire to leave the Almoloya director's office. They asked him to wait, and he waited. Shortly thereafter, there was a change in the Mexico State government, and the new governor offered him a post in his administration. He submitted his resignation, which was accepted, but before he could assume his new position, the secretary of government, Jorge Carpizo, called him to inform him that the president of the republic considered it in the interest of national security for him to remain as head of Almoloya.

A short time later, the assassination of Luis Donaldo Colosio occurred, and other suspects were brought to Almoloya. The objections raised by Juan Pablo in the "Chapo" Guzman case became drastic this time. The application of the prison's regulations became a problem from the outset. They shaved Aburto, and the newspapers and television suspected that they had replaced him with someone else. The judges refused to pass through the security checkpoints and, later, there was the natural harassment from the press. Under these circumstances, maintaining the high security conditions became a critical requirement, relying on a balance that was extremely difficult to ensure.

After the storm, Juan Pablo again submitted his resignation, and accepted an invitation to attend a congress abroad. A new director was named for Almoloya. But, scarcely a week after he had left the country, he was called by the Government Secretariat, asking him to return urgently: the Almoloya prison was in danger of become ungovernable. The guards demanded his return

as director; he was asked to remain, to train and organize the replacement administrative cadres.

Months later, a group of representatives of various opposition parties at the IFE [Federal Electoral Institute] proposed him as a candidate to occupy the position of Electoral Prosecutor, a post newly created for making decisions on electoral crimes. Jorge Carpizo, secretary of government and head of the IFE, did not approve of his nomination. Ultimately, another person was appointed to the position. On the other hand, Carpizo offered Juan Pablo the post of general director of crime prevention and social rehabilitation in the Government Secretariat. A proverbially troubled position, this director's assignment involved dealing with one of the most corrupt areas of public administration: the trafficking of pre-releases, permits, privileges, and sinecures for all the convicted prisoners. Once again, Juan Pablo demonstrated his integrity and firmness, and his insight and capacity for devising an honest, humane organization plan for social rehabilitation. He had charisma, a calling, a projection, and consistency. But, once more, he faced the threatening scheme with which they were attempting to intimidate him. In November, he told me that, at Almoloya, they had recorded on tape a conversation between a "capo" from the Tamaulipas Cartel and an official whom they had not yet succeeded in identifying. On it, the drug trafficker claimed to have paid police agents to take Juan Pablo out of their way. The official claimed that Juan Pablo would be leaving with the change of government, but that, in any case, if he remained, they would assume responsibility for his removal. That tape should be in the Almoloya files, within the reach, and at the disposal of a responsible investigation.

I also learned from him that Secretary Carpizo assured him that, when he turned over the position to his successor, he would expressly request that they protect him, so that "you won't be left alone, because you are very vulnerable."

In early December, he gave up the crime prevention and social rehabilitation director's position, and enthusiastically accepted the invitation offered to him by the new attorney general, Antonio Lozano, to take charge of the Federal Judicial Police.

Juan Pablo lived alone, deliberately apart from his family. His home was located on the highway to Toluca, equidistant from the DF [Federal District] and Almoloya. Security personnel assigned to him were responsible for meeting his household needs and guarding the house. There was one final warning. On 16 December, Juan Pablo awoke at dawn, nauseated and with a severe headache. He went outside to get some air, and recovered. Upon returning to the house, he found all the pilot lights of the heating system and the stove turned off. He considered it an accident, reprimanded those responsible, and ordered an inspection and repair of the facilities. His orders apparently were obeyed, and several days passed without any new household incident.

But an accident is never repeated in exactly the same way, in the same place, and at the same time. And, if repeated, it is obviously not an accident, but rather a staging, with a script.

No one crashes twice at the same corner, at the same time, or in the same way, into the same car. If that is repeated, it is no accident, but rather an action based on a plan and with a rehearsal. And that is exactly what happened at dawn on 24 December. I have wondered how Juan Pablo could not have foreseen that what he had considered an accident might be very easily repeated; and how he failed to make certain, and replace the personnel. And the only answer that I find logical indicates that the confidence that he had in his personnel was betrayed. Juan Pablo has never been the kind of person whose loyalty is bought or sold. For that very reason, he never bought anyone. Juan Pablo trusted, and trust is given freely. His tragic mistake consisted of trusting in persons who had been sold to others who bought them. Both are responsible, and it would be very simple to find them and do justice, if the institutions responsible for the prosecution of justice in this country were not what they are. And these responsible persons work for the Federal Judicial Police, who act, simultaneously, as the executing branch for the investigation that should be conducted. In fact, the enemy is located at home.

On the night of 23 December, he attended the Christmas party at the Attorney General's Office. Confirmed to him there was an appointment for a meeting with the attorney general on 24 December precisely, at 1000 hours. It apparently involved making an extremely careful decision on the strategy for a thorough restructuring of the Federal Judicial Police. Juan Pablo was apprised of the pernicious process of buying and selling police assignments and credentials. He was concerned about the formation of the police corps, and the composition of the command cadres. Upon leaving the Attorney General's Office, Juan Pablo went to dine with my sister, Martha, and her husband. It was Christmas Eve, and they discussed family matters. According to my sister, Juan Pablo was calm and optimistic. After dinner, he went to his house on the Toluca highway, accompanied by his driver and his security chief, Alberto Castillo; and they were followed by the escort force. They arrived at 0300 hours. Castillo accompanied him inside the house, helping him to bring in the Christmas gifts for his children. Apparently, everything in the house was in order. Juan Pablo suggested to Castillo that he and the escort force stay there to sleep (there is a building next to the house), because they had to leave early to keep the appointment with the attorney general. Juan Pablo retired to bed, intending to rise at 0700 hours, so as to go running and take his usual exercise. The escort force remained outside and, after awhile, Castillo left. After 0700 hours, Cesar, a neighbor who usually accompanied Juan Pablo during his exercise, was puzzled because he was not outside running. He thought that he must have been too tired, and left for work. Castillo arrived late,

about 0930 hours, remaining outside, he claimed, because he thought that Juan Pablo had already gone. The appointment in Mexico City was for 1000 hours. The guard force assured him that he had not come out. Minutes later, Cesar appeared again, and was alarmed. It was not normal for Juan Pablo not to have arisen, and even less so for the security chief to remain outside, just waiting. What was going on? Cesar insisted that Castillo should enter. Castillo did so, and came out after awhile with a cup of coffee. He claimed that his chief was asleep. Cesar asked him why he had not awakened him. Castillo said that he had called him, but that he did not answer. Cesar decided to enter, and found Juan Pablo unconscious; his body was heaving and his head was between the pillow and the mattress. Cesar went out to sound the alarm. Castillo denied the emergency, doing nothing, and the escort force did not move. Cesar rushed desperately to the nearby town, looking for a physician. He found none, and decided to call the Red Cross. An hour later, a first-aid van arrived. Castillo refused to board the ambulance; Cesar did so. Enroute to Toluca, where he was being taken, Juan Pablo suffered an attack of broncho-aspiration, which could have been fatal if he had not been helped at the time by Cesar, the neighbor.

He was later taken to a hospital in Mexico City, where he is being treated by a group of physicians who, from the beginning, were surprised at the circumstances of the case and the progress of the syndrome.

I returned from Spain on the afternoon of the 24th, transferring from the airport to the hospital. Two persons whose names I don't remember stopped me at the entrance, claiming to be experts from the Attorney General's Office. They took me to the coffee shop, invited me to have coffee, and told me to rest assured that, after having made an expert appraisal of the house, they had reached the conclusion that an accident was unquestionably involved. When I was alone in the elevator, the first suspicion struck me: an unrequested explanation, an obvious accusation.

Two days later, Juan Pablo came out of the coma, regaining consciousness. In the hospital room itself, he asked to speak with all those involved in the incidents, one by one. And later, he asked to talk with his friend, Rafael Estrada Samano, an assistant legal prosecutor in the Attorney General's Office. He spoke with him at length behind closed doors. The next day, the guard force watching the room was replaced by members of the Presidential Staff, apparently based on instructions from the president himself.

After his relapse into the demyelination syndrome, the medical team found it necessary to conduct various studies to explain what had occurred. They claim that it is a case of very uncommon poisoning. The joint consultations held between Mexican doctors and three American specialists, one from Boston and two from Houston, agree on the diagnosis and treatment, but differ regarding the causes and the prognosis. Some consider it

poisoning by carbon monoxide, and another attributes it to poison gas, probably altered butane. They explain that two studies that could have helped to reveal the causes are missing: a drug test, and a primary magnetic resonance test of the encephalic profile. And they are lacking, either because they were not made in time, during the first hours after his arrival at the Toluca hospital, or because they were never included in the records, and were lost. In any event, their opinions contradict the findings of the first alleged expert appraisal, which was hasty and inadequate. As one infers from the medical data, no comparison was made of the percentages of poison concentrated in the blood and the hours of exposure, which would explain the magnitude of the damage, with the circumstances demonstrable from the reconstruction of the events.

Before his relapse, during the early days of January, I was able to hold a long conversation with Juan Pablo in which, among other things, he expressed very sharply his conviction that an attack and a betrayal were involved. Those responsible for his security had been bought, and the criminal element infiltrated into the police themselves welcomed this. It is an infiltration more serious and patent than could be suspected. I warned him to reflect, to reconsider, to gauge forces.... He replied firmly that he wanted to live by his convictions, and was willing to wage the battle to its final consequences. He said that they had told him the same thing when he was head of the prison system, and that, despite everything, he was able to prove that major steps could be taken in social rehabilitation. He gave a reminder of amnesties sponsored by him for political prisoners. Dostoyevskian as ever, he recalled names and faces of persons whose rehabilitation had made the effort worth the trouble. He recalled Almoloya, and how it has proven possible to eradicate prison corruption. He recalled policemen who were successfully saved, and discussed the terrorism that has paralyzed the society. He assured me of his confidence in Lozano Gracia, certain that it would be possible to get to the bottom of this with him. He had hopes and enthusiasm. He wanted to live, in order to wage the battle.

I have met few who have been closer to the horror of the criminal condition than he. But I am much less likely to have met anyone as able as he to retain a genuine faith in the reconstruction of a desirable world worthy of living in.

May his sacrifice not be in vain.

Threats to PJF Chief's Anti-Corruption Mission Cited

95WB0025B Mexico City PROCESO No 954
in Spanish 13 Feb 95 pp 34-37

[Article by Ignacio Ramirez]

[FBIS Translated Report] It was Thursday, 15 December 1994. The appointment had been set for 2000 hours. A half hour late, Doctor Juan Pablo de Tavira arrived hastily, but in good spirits, at his office on the first floor

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of the building at Reforma and Jaime Nuno, headquarters of the Federal Judicial Police [PJF].

"You must excuse me; you surely understand how busy I am as new PJF director," he remarked to Ignacio Zavala, media director for the Attorney General's Office [PGR], the photographer, German Canseco, and the reporter, all of whom were waiting for him.

It was only a week since he had been appointed general director of the Federal Judicial Police, replacing Commander Adrian Carrera Fuentes.

Impeccably dressed in a black suit, and displaying a large gilt PJF badge on the breast pocket of his jacket, he told the reporter: "I am at your service."

[Ramirez] Doctor, now it's your turn to dance with the ugliest girl, with the PJF....

[De Tavira] It depends on how you want to look at that ugliest notion. All responsibilities are difficult. It could be so here, because the institution may be considered not operating as it should be, or having certain vices, or other things. I feel that, when the police act out of constitutional channels, they are performing badly.

[Ramirez] There are many records of the extremely serious corruption existing among the Federal Judicial agents, especially in connection with the cancer of the drug traffic...

[De Tavira] The example is not a bad one. A cancer is a diseased cell that begins to grow and contaminate, infecting everything near it. And it ends up suffocating and killing. When some of the leading drug-trafficking "capos" were captured, it was discovered that they had bought various Federal Judicial Police commanders. That is why many of them are in prison.

[Ramirez] Is it incurable?

[De Tavira] I don't believe it is incurable. Nor do I think that we should act with too much optimism, or reach utopian limits. But when crime invades, it destroys everything.

[Ramirez] And what about "narco-politics"?

[De Tavira] Al Capone bought presidents, governors, and policemen; he showered them with gifts. It is the Mafia's modus operandi. On the other hand, we could claim that it is organized crime's method of operating. It is a problem that should concern everyone, especially if the drug traffic has already penetrated the groups controlling the society. I shall state it with a short quotation, speaking philosophically: It is the eternal struggle between good and evil.

[Ramirez] How can the institution be kept sound when it is heavily infiltrated by commanders with a whole tangle of long-standing vices?

[De Tavira] Intelligence operates in that case. I have always believed that intelligence conquers force every

time. So, we must first learn the extent to which the institution is infiltrated, who the good people are, those who have done their duty, and who the traitors to their cause and to their oath are. They have betrayed not only their calling as policemen, but also the society that pays them or has put its trust in them.

[Ramirez] A bad reputation also has been created by the human rights violations. What measures do you intend to adopt?

[De Tavira] We shall act rapidly: we shall not spend much time analyzing, but always within the bounds of the law, because we are, primarily, jurists. The rule of law is fundamental for making peace and justice prevail. Those who refuse to understand this new commitment to service will go. We shall not start a war with them; we do not fear them I say it quite frankly: we are going to fight.

This was not the first time that De Tavira expressed his firm decision to confront the risks involved in his responsibilities, even when he was threatened with death, while serving as director of the high security prison at Almoloya de Juarez.

"Are you concerned about the threats that you have received?" he was asked by reporter Miguel Cabildo in early 1994.

"Here, the inmate threatens quite easily, and he does so because it has always worked for him. This gentleman is living on borrowed time," says Rafael Caro Quintero, referring to me. He shouts it in front of many people, so that I will hear about it: 'It is a living death, because there are 500 persons ready to kill him at any time.'"

"How much do those threats bother you?"

"Made by someone who has led a life of criminal activity, they do bother me. But I believe that I must be firm and confront the risks. We cannot let ourselves be conquered by fear, or because they might kill us..."

The last public event attended by Juan Pablo de Tavira was the Christmas party on 23 December, at the PGR offices. The next day, he did not show up. Days elapsed, and his absence was increasingly noticed. Rumors began. On 19 January, Attorney General Antonio Lozano Gracia named Commander Enrique Gandara Chacon as acting director of the Federal Judicial Police, because of an "illness" of its director.

It was officially reported that he had suffered "an accident" which had caused him a "lung infection." On the occasion of Gandara Chacon's appointment, REFORMA reported in its 20 January edition: "High level sources stated unofficially that De Tavira has been ill for over 20 days, with a lung infection resulting from a suicide attempt."

The PGR's media director, Juan Ignacio Zavala, sent a letter to the editor of REFORMA, in which he denied the "suicide attempt":

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"It is unfortunate that your newspaper, which has a well-earned reputation for adhering to an ethical and journalistic code, should give space to this type of rumor which, besides being false, is an attack against the integrity of a person who has devoted much of his life to our country's service. He has always proven to be an upright capable official, and a factor for change in the work assigned to him. The society, the difficult national situation, and the critical work being done by this institution demand a reliable, professional press."

Age 49, a native of Mexico City, Juan Pablo de Tavira graduated from the Free School of Law in 1975, with the thesis "Punishment and the Fundamental Juristic Principles." The next year, he obtained a post-graduate degree in criminological sciences at the University of Madrid Institute of Criminology. Later, he received a doctorate in law from the University of Alcala de Henares in Madrid, with the thesis "Notes for a Mexican Criminal Sociology."

De Tavira took other courses at Spanish universities in comparative law, prison techniques, and drugs and narcotics, as well as one in Mexico on the training of security instructors, organized by the Navy Secretariat. He also took a refresher course in criminology on the new dimensions of crime, organized by New York University's International Criminological Association.

In 1966, he began his forensic practice, continuing until 1971. From 1972 to 1975, he worked in the legal department of a real estate firm, resigning to continue his studies in Spain. Upon his return, he served from December 1976 to May 1977 as deputy technical director of the Eastern Crime Prevention Prison in the Federal District, thus starting a long career in prison techniques and security. This led him to serve, from January 1991 until 31 May 1994, as director of the No. 1 Federal Social Rehabilitation Center at Almoloya de Juarez, and coordinator of Federal Social Rehabilitation Centers for the Government Secretariat. From 1 June of last year until the time of his appointment as general director of the Federal Judicial Police, he was general director of Crime Prevention and Social Rehabilitation for that Secretariat.

Among his teaching activities are assignments as professor in the criminology and penal law departments of the National Autonomous University of Mexico, and instructor on the subject of criminal procedural law at the Ibero-American University. He taught penal law at the New World University, and criminology in the post-graduate department of penal sciences at the Pan-American University.

De Tavira has lectured in Mexico and abroad on the most diverse topics involving criminology and prisons ("Prison Classification," "Neurosis and Criminology," "Social Factors in Crime," "Criminal Policy," and "Training of Human Resources"). He is a member of the International Criminology Association, with headquarters in Paris, and the Mexican Academy of Criminal

Science; and founder and current honorary president of the Mexican College of Criminology, A.C.

Some of his publications are: "Criminal Law and Criminology," "Democracy as a Just Solution in the Exercise of Power," "Five Penitentiary Biographies," and "Mexican Criminal Sociology." His research works include: "Social Factors in Criminality," "Toward a New Concept of Crime," "One Step From Hell," and "Why Almoloya?"

In his most recent essay, "Political Crime in Mexico," he notes:

"The struggle for power, betrayals, and electoral fraud constitute political crime. They are a phenomenon that traditional criminology has studied very little... In the political struggle of nations, the toll of bloodshed is very high."

During his long career, Juan Pablo de Tavira has not escaped threats and attacks resulting from his public positions. Nevertheless, it was starting with his administrative management at the high security prison in Almoloya de Juarez that he found himself involved in a series of affronts, sit-ins, and hunger strikes sponsored by his detractors.

At the end of 1993, the Almoloya inmates' complaints began, primarily among the drug traffickers, who were protesting against the strict disciplinary conditions and the food at the prison center. The grievances turned into attacks on the director which, according to De Tavira himself, were financed by the leading drug "capos," such as Miguel Angel Felix Gallardo, Rafael Caro Quintero, Ernesto Fonseca Carrillo, Rafael Arellano Felix, and Gilberto Ontiveros.

At that time, in February 1994, wives and family members of the imprisoned drug traffickers had called a press conference at the Hotel Camino Real, to charge alleged human rights violations at Almoloya. Later, there was another at the office of Efrain Garcia Ramirez, who was defending Felix Gallardo, Caro Quintero, and the Colombian, Rafael Pardo Cardona, held for the same purpose. And, finally, there was a petition signed by the Inter-American Human Rights Committee in Defense of Prison Inmates.

During early March, this prompted De Tavira to hold a press conference, something unprecedented in his slightly over three years as director of the Almoloya center, to deny the accusations and to reveal that he had received threats:

"All this is due to the fact that, in the prison, there are no privileges nor distinctions among the inmates. The charges are completely false, which can be readily proven, because not a single recommendation in this regard has been received from the National Human Rights Commission."

He had previously declared that the state is obliged to guarantee not only security for all the Almoloya inmates, but also respect for the society. "In other words, those

who have violated the society's fundamental rights must pay to the extent that they have violated them. They should not go to an institution to live like kings; this is an insult to the society."

A few days later, on 7 March, members of three independent human rights agencies made a tour of the Almoloya prison, accompanied by its director.

"I couldn't sleep for three days, just thinking about the conditions that prevail in that place. It is enough to drive anyone crazy," commented Oscar Loza Ochoa, chairman of the Sinaloa Commission for the Defense of Human Rights.

When appointed director of crime prevention and social rehabilitation in the Government Secretariat, De Tavira had to deal with pressure from certain inmates at the Santa Martha prison, who were demanding their pre-release.

On 8 and 9 August 1994, 40 inmates at that prison center (calling themselves "postponed") began a hunger strike, some sewing their lips.

Luis de la Barrera Solorzano, chairman of the Federal District Human Rights Commission [CDHDF], intervened to have the inmates' cases analyzed. In response, De Tavira sent an official memorandum to the CDHDF, stating that the inmates had not received their pre-release because of their drug addiction. "We found that, among the majority, there were serious drug addiction problems. They do not have moral fiber, or else their behavior in the institution has been bad."

As he explained, to be granted pre-releases, prisoners must show good behavior, and there must real evidence of their social rehabilitation. This is ultimately decided by the institution's Interdisciplinary Technical Council.

Eventually, 75 releases were granted, 15 of which did not meet the good conduct requirement. De Tavira commented that the "disapproved ones" were given a vote of confidence.

Another hunger strike by 26 inmates of the Northern Crime Prevention Prison, for the same purpose, starting on 6 September, was followed by still another at the Almoloya federal center. The drug traffickers were pressuring De Tavira again, on the same grounds that they had claimed months earlier. They requested transfers to their places of origin or previous locations, immediate freedom in the case of pre-releases, changes in the family and private visiting system, and good food. Involved were 27 of the prison's 382 inmates, who are now joined by Oliverio Chavez Araujo and Jose Antonio Zorrilla Perez. The latter is accused of being the brains behind the assassination of Manuel Buendia.

De Tavira responded: "Felix Gallardo had an empire in the Southern Prison. Caro Quintero was living under the same conditions at the Northern Prison. Pardo Cardona, as well as Zorrilla Perez, did the same at the Eastern

Prison. At Almoloya, the inmates' food is sufficient and of good quality, although not comparable to the banquets that they used to hold for themselves at their centers of origin, where they also had very bad behavior."

On the pages of PROCESO, De Tavira waged his last public battle, until the end of November of last year, when he responded to a series of accusations made against him again by the Almoloya inmates, through letters.

[Box, p 36]

[Article by Sonia Morales]

Created with the idea of confining only convicted criminals there, a year after its opening the first Federal Social Rehabilitation Center, located in Almoloya de Juarez, Mexico State, began admitting presumed criminals subject to trial. This immediately generated security problems.

That maximum security prison began operating in 1991, under the direction of Doctor Juan Pablo de Tavira.

In 1993, the second such prison was opened in Jalisco State.

According to their regulations (issued in August 1991), these centers, which come under the Government Secretariat, were intended for "the incarceration of prisoners deprived of their liberty by a judicial decision with a writ of execution from a competent federal authority and, in matters of common jurisdiction, subject to an agreement of the Federation with the state governments and the Federal District Department."

Nevertheless, in August of the following year (1992), the second, third, eleventh, and twelfth articles of the centers' Internal Regulations were amended. As a result, it was stipulated in the second and third articles that these centers also were intended for "preventive imprisonment"; and the following paragraph was added to article 12:

"When it is fitting, based on the dangerous nature of the inmate, according to the opinion expressed in this regard by the General Directorate of Crime Prevention and Social Rehabilitation, the admission of indicted persons or those at the disposal of a judicial authority, taking cognizance of any means of objection asserted, may be accepted."

Owing to the preceding, the prison population at Almoloya (its capacity was for 400 inmates) began growing rapidly. Among the first indicted persons sent there were Mario Alberto Gonzalez Trevino, Rafael Caro Quintero, and Ernesto Fonseca Carrillo.

Bringing indicted persons to the center meant the entry, not only of their defense attorneys and relatives, but also of personnel from the courts. Moreover, the hearings must be public. Areas for hearings had to be built in the visiting rooms.

Another problem that occurred at Almoloya was its strict internal discipline; as a result, protests from the inmates began to arise.

In March 1994, Juan Pablo de Tavira explained to the reporter, Miguel Cabildo, the rationale of high security prisons. "When wars for power began, with massacres among inmates, and we realized that there were all kinds of weapons inside the prisons, and that the vested interests were terrible, the creation of the maximum security center emerged as a priority requirement" (PROCESO No 905).

As for the problems, he remarked:

"Here, the inmate threatens very easily; and he does so because it has always worked for him. 'This gentleman is living on borrowed time,' says Rafael Caro Quintero, referring to me."

Nevertheless, De Tavira was in the habit of making constant visits to the modules for convicts, to talk directly with them about their situation and living conditions.

In April 1994, the "Official Gazette of the Federation" published the instructions for regulating private visits, and those of relatives, authorities, defenders, and ministers of religious denominations.

Mario Aburto Martinez, killer of Luis Donaldo Colosio, was taken to that center also, with the argument of ensuring his security. He wore number 502, although in early March De Tavira had said that there were 383 inmates.

Other conflicts began upon Aburto's arrival. According to the internal regulations, his hair was cut and he was shaved, thereby changing his appearance. This caused speculation about his true identity.

The attention evoked by the Aburto trial in the media created security problems, and all the judicial hearings were held without reporters present.

In August 1994, De Tavira left the Almoloya director's position, and was named general director of social rehabilitation in the Government Secretariat.

Suspected Bodyguard Comments on PJF Director
53300548C Mexico City PROCESO No 955 in Spanish
20 Feb 95 pp 36-39

[Article by Carlos Puig]

[FBIS Translated Text] His enormous body fills the entire chair. The table is too small for his hands, and he seldom moves while speaking in a grave, monotonous, although imperious voice. No one facing him could doubt that he is a police chief.

He is Commander Alberto de Jesus Castillo de la Riva, chief aide to the Federal Judicial Police [PJF] director, Juan Pablo de Tavira, who is in a state of coma after

having identified those in charge of his security escort as the perpetrators of the attack.

"Yes, sir, yes, sir," repeats Commander Castillo de la Riva many times on this occasion, addressing the reporter. After reading the testimony gathered by PROCESO (No 954) and, later, by many of the media, he wishes, and is constrained to publish his own story, his version.

He is not alone. Accompanying him at the interview are five of "his boys," all members of Juan Pablo de Tavira's escort force.

He is engaged in a public relations campaign.

While telling his story, which he expands or corrects, he succumbs to contradictions of his first statements (made "voluntarily, without lawyers present," he stresses) to the Public Prosecutor's Office [MP] and the PGR's [Attorney General's Office] internal investigation staffs.

Castillo's version, in summary, is as follows:

On the morning of 24 December, he entered Juan Pablo's house "alarmed," after several attempted phone calls. He noticed a suffocating heat, and checked the heater, which was turned on, although it should not have been. He observed his chief breathing with difficulty, soiled with vomit, and with his head between the mattress and pillow. He opened the windows to let him breathe well. He prepared a cup of coffee, because he was nervous and cold. He sent the escort force to Mexico City, to be relieved. He ordered the neighbor to go for an ambulance, and the driver to find a physician. He cleaned De Tavira and removed his shirt. Then he put him into the ambulance, and, finally, followed him in the car to the Toluca Medical Center.

[Puig] Do you regret any of your actions on the night of the 23rd, or the morning of the 24th?

[Castillo] No sir, Juan Pablo de Tavira is alive.

[Puig] There are lives that are not lives...

[Castillo] He is alive.

[Puig] Didn't you ever consider taking him in the Suburban van to a hospital?

[Castillo] I'm not a medical expert. I always thought that the chief was thoroughly exhausted; I always thought that. It was the first impression that he gave us. That's what I thought. His breathing sounded like a snore. I protected the life of my chief and friend, and his image.

[Puig] Could you look Juan Pablo de Tavira in the face?

[Castillo] Of course I could (he says, proudly displaying the card given to him on the afternoon of the 23d, with a watch that was his Christmas gift:

"Alberto: I expect much of you; I hope that you understand the responsibility that we have. Juan Pablo.")

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Castillo de la Riva claims to have known Juan Pablo for 16 years, working with him for most of that period. "I am a personal friend of the chief; we have spent many years together."

[Puig] Tell me about that night...

[Castillo] We went to Polanco.

[Puig] Which restaurant was it?

[Castillo] I don't remember, truly.

[Puig] You entered the restaurant with him...

[Castillo] Yes; his sister, her husband, and another couple of friends were there.

[Puig] Why didn't you dine with them?

[Castillo] Sometimes I used to dine with the chief, when he asked me, when he said so. On the night in question, I arrived at the restaurant with the doctor, and went in with him. I accompanied him to the table where the two couples were waiting for him. I greeted them. I have known Marta for a long time, and his brother-in-law. The chief turned to me and remarked: "Castillo, this envelope has to reach Commander Gandara; it's confidential." I said: "Chief, if you permit me, I'll take it personally; I'll go with the driver and leave the escort force." "Perfect, go ahead," he said to me. I went to drop off the envelope, and returned to the site immediately.

[Puig] When you made your statement to the MP, why didn't you mention the envelope?

[Castillo] I don't recall whether or not I mentioned it. I truly don't remember. We have been trying to recall small details remaining in our minds. I really don't recall whether I mentioned it or not. I want to be very clear; I want to be very honest.

[Puig] How did the doctor leave the restaurant?

[Castillo] I met him at the front steps. I said goodbye to Marta and the other couple. I opened the door for him, and we filed out. The chief was carrying an empty white bottle with blue edging, and he commented to me: "See what they gave me as a gift." The doctor was not used to drinking. He was going to make a lamp out of it.

[Puig] You arrived; and the escort force's statements to the MP claim that you entered the house with him.

[Castillo] He was in control of that situation. The fact is that the house has two doors, and there is a cyclone fence around it. Sometimes I would enter the residence, leaving the briefcase on the dining-room table, and taking leave of the chief.

[Puig] What did you do that night?

[Castillo] That night, we brought in a gift package that his sister had given him, and the briefcases. I got out of the car, removed the things, and said to the doctor: "Whatever time you say." The doctor got out of the car.

We headed for that small door, and walked along the corridor. It extends to the wooden door, which is the entrance to the house. I tried to enter, but he told me: "No, this is far enough." I gave him the things, and pulled the door open. I turned around and went back along the corridor. Then I made sure that the escort force was accommodated.

[Puig] You read in the escort force's statements that you entered the residence and remained between 10 and 20 minutes....

[Castillo] That's impossible.

[Puig] Why did the escort members make that statement?

[Castillo] I truly don't know whether it was stated that way. There are some colleagues here; we are appearing freely, and making statements depending on how each one experienced and observed the situation.

[Puig] Commander, according to testimony from persons very close to Juan Pablo, who visited him at the hospital when he was conscious, he said to you: "Commander, we have four hours to sleep. Why don't you stay here."

[Castillo] It's not true, it's not true; and I said it in front of the family itself. Of the 16 years that we have known each other, on one occasion, one occasion, I stayed at his house, while I was living in Coyoacan. And that was in 1987 or 1988.

[Puig] Do you claim that this conversation, described by people who spoke with the doctor, never took place?

[Castillo] No, never. I arrived there that day at 0800, 0820 hours, or thereabouts.

[Puig] You are his friend, his chief aide, his main collaborator. Why, if you knew that he had an appointment with the attorney general at 1000 hours, didn't you go to wake him up? Why did you wait until it was 0845, 0850, and 0900 hours, calling on a cellular phone, and receiving no answer, and then waiting until 0910 hours...?

[Castillo] I was uneasy; I'll explain it to you: Doctor De Tavira is very particular...even with some people who are not present here... the doctor sometimes closets himself to read or write, and hours go by, with the driver still waiting for him. What happened that morning was that I arrived, and thought: "The chief must at least be bathing." "I went out and waited; then I took the phone and he didn't answer me. I thought: "We should leave here at 0900 hours; so, it's perfect. This must surely be due to the chief's fatigue this week; so, he must at least be bathing right now." Then, I entered through the fence and approached the windows. All I saw was the heater turned on, with a small red flame. I saw all the lights turned off. The guards were sure that he had not gone out. And by then it was nearly 0900 hours.

[Puig] In your first statement, why didn't you mention the heater being turned on...?

[Castillo] I believe that I did mention it....

[Puig] No, commander, you didn't mention it....

[Castillo] I asked Puebla's wife to kindly give me the keys, and by then I was alarmed. Just then, Cesar Puebla arrived, and I told him that the chief was not answering us. I was heading toward the house and saw Cesar behind me.... I opened the door, checked the heater, and found it turned on. And as soon as we opened the door, both Cesar and I noticed a strong monoxide odor and the entire house very hot. I asked Cesar to please turn the heat off, and then I saw the chief.... I told him that we should be calm and consider what to do.

[Puig] In your preliminary statement, why didn't you mention the state of the heat when you entered?

[Castillo] No, I did mention it, to the judicial officials and at the Public Prosecutor's Office. I also mentioned that I had asked them to make a few cups of coffee, because we were very nervous and very cold. I even considered giving the chief a cup of coffee, to see if that would make him feel better. Cesar Puebla prepared the coffee.

[Puig] Why did the escort force say that you entered the house and, in about 10 minutes, Cesar arrived there? In other words, you were alone inside for 10 minutes.

[Castillo] I don't know; I truly don't know. When I was opening the door, I noticed Cesar behind me. Furthermore, I told him: "Turn off the heater."

[Puig] Had there been problems with that heater?

[Castillo] I don't know, sir; I truly don't know.... That day, I rested, and Julio Hernandez covered for me. But I do believe that there was an incident.

[Puig] But the heater operated perfectly for six days. Did it break down suddenly?

[Castillo] I want to stress that I tried to find out, and they informed me that there had been a problem. Cesar told me that the heater had a leak, but that he had already ordered a plumber to come.

[Puig] Commander, did you know about an arrangement between Cesar Puebla and the doctor, that the former was to turn on the heater in the morning, and the doctor would turn it off at night when he arrived home?

[Castillo] We all knew about it. And that day it was not turned off. It was turned on when we entered.

[Puig] At that time, you sent part of the escort force to Mexico City.

[Castillo] When we made the doctor comfortable, and he began to breathe well, I told them: "Go to Mexico City

and send me some relief personnel." The driver remained, and I told him: "Go to Toluca and bring me a physician."

[Puig] But you were left alone with a vehicle and no driver.... The Suburban van went to Mexico City. Didn't you ever consider taking him to the medical center?

[Castillo] No, and when Cesar questioned my decision, I told him that I had to watch out for the chief's image. The escort force couldn't be allowed to see him covered with vomit. The personnel knew that he had been at a gathering; and I couldn't afford to let this cause misinterpretations at the directorate. The only thing that I inferred, and I have always thought this, was that he was tired. When I entered the house again, after having sent the escort force to Mexico City, I noticed that he was having difficulty breathing again. So, I tried to revive him. Then we agreed that Cesar would go to request an ambulance.

[Puig] Cesar claims that you told him that you would go with him in the patrol car.

[Castillo] I told Cesar to ride in the ambulance, and that I would make way for them.

[Puig] Is it possible that what happened that night was an attack?

[Castillo] I'm telling you the truth: no. This was a household accident. And I'll tell you why. Anyone wishing to kill Doctor De Tavira wouldn't go to see if he was dead, or turn on the gas switch to see if he was dead....

[Puig] But, commander, it's only a general deduction. Why should we always believe that murderers in Mexico do everything right?

[Castillo] It's the way in which they kill.

[Puig] Do you really preclude an attack?

[Castillo] Yes, I do preclude it.

[Puig] Commander, why is the De Tavira family, based on what it claims to have been told by Juan Pablo, convinced that you attempted to kill him?

[Castillo] I have asked myself that question all this week. I swear to you that I don't understand, and I want to find a logical answer. It could be because of the grief about their brother. I can imagine it this way, but I don't understand it. And I understand about Luis even less....

[Puig] But grief is not cured by defaming someone, commander. What can Luis gain?

[Castillo] I don't know, I don't know. But I warn Luis to reconsider, because he has already done us much harm. If the gentleman makes this claim, I invite the authorities to investigate us thoroughly: to whom we sold ourselves, what they gave us; and let them prove it to me. Never,

never, have we lent ourselves to situations of bribery; never. Don't let Luis come to me saying that we sold ourselves.

[Puig] If you acted properly, why does Doctor De Tavera suspect you?

[Castillo] I truly doubt that the doctor told that to the family. I was chatting with the doctor when he regained consciousness. His sister, Marta, was with us, and the doctor asked me: "How did the operation go, Castillo?" "Well, there was no operation, doctor, it was the heater; it failed again." "Oh, that lousy machine!" This was the only comment that he made that night. And I was with the doctor from the 24th until Thursday, the 29th.

[Puig] What explanation did they give you when they removed you from the guard force? Didn't it seem suspicious to you?

[Castillo] Commander Gandara called me on the cellular phone, telling me that he had instructions from the attorney general's office for me to gather with my personnel in the directorate. He confirmed this to me later. We continued working until night-time, until Commander Gandara confirmed to me that he was to join the directorate.

A day before that call from Gandara to Castillo, as Luis de Tavera relates in his text in PROCESO No 954, Juan Pablo "asked to talk to his friend, Rafael Estrada Samano, an assistant legal prosecutor at the Attorney General's Office. He conversed with him for a long time behind closed doors. The next day, the guard force that had been watching the room was replaced by members of the Presidential Staff....

That may perhaps be the only conversation that will solve the mystery.

[Box, p 37]

[Article by Agustin Ambriz]

Although the different medical diagnoses made of Doctor Pablo de Tavera establish that the demyelinating encephalopathy keeping him in a grave state of health is a result of inhaling some toxic gas, neither the Mexico State judicial authorities nor the Attorney General's Office have been able to confirm the story, for lack of experts "specializing in plumbing."

Ignacio Rubi Salazar, head of the Mexico State General Directorate of Expert Services, claims: "There are no specialists on this subject in Mexico." He adds that timely intervention was impossible owing to that circumstance.

He explains: "When the Public Prosecutor's Office of the Common Jurisdiction intervened, it found no evidence that could provide a guide or a clue for the investigation of a possible gas leak inside the Federal Judicial Police director's house. In fact, this is confirmed in some of the

statements made by those who attended the doctor during the morning that he suffered the poisoning."

The official admits that the first investigations were made after a nine-hour delay, and that, for the same reason, conducting that expert test at this point (nearly two months after the fact) would produce data different from what would have been obtained through timely intervention. However, he explains that, regardless of the delay, it is essential to conduct this expert test, because only a technical study can lead to conclusions about what really happened.

He elucidates:

"Our work was virtually nil because, on the same day, the PGR took charge of the case, since it involved a federal official. All the investigations that we conducted, consisting of a visual inspection of the site, were turned over to the federal authorities."

"We received the request from the Metepec Public Prosecutor's Office, because that was where the procedures began. When we arrived, it was about 1730 hours. We entered the residence and determined that the gas pilot lights were turned on; but we don't know whether they remained that way during the entire time that the doctor was resting."

On a visit made Thursday, the 15th, to the PJF director's residence (located in the El Penon area, on the Mexico City-Toluca highway), the reporter observed the presence of officials from both prosecutor's offices. Attending on behalf of the state office was the chief of the Criminal Department, Alejandro Garcia Lopez, who had come with the intention of making the expert appraisal.

When informed of the foregoing, Rubi Salazar gave this explanation:

"We had at hand an official memorandum in which the Metepec Public Prosecutor's Office requested us to conduct the expert appraisal, which was to be carried out today, precisely (that Thursday). But we discovered that personnel had already arrived from the Attorney General's Office to conduct it, and we proceeded to leave."

According to the official, De Tavera, in a deep state of coma, entered the Toluca Medical Center, located in Metepec, at 1000 hours on 24 December of last year. He claims that preliminary investigation MET/II/2412/94 was initiated there, in which the testimony of the neighbor, Cesar Puebla, and of Jesus Castillo de la Riva, coordinator of the Judicial Police director's personal escort force, was compiled.

Statements resulting from this investigation (republished in PROCESO No. 954), and the testimony of the theater director, Luis de Tavera, brother of Juan Pablo, indicate as the main suspect in the attack committed against the PJF director the coordinator of the latter's personal guard force, Castillo de la Riva.

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The statements made by the members of the police chief's personal escort force, as well as those of Cesar Puebla, demonstrated that Castillo de la Riva had assumed a "passive" attitude during the morning of Saturday, 24 December, when De Tavira was found in a poor state of health.

The behavior of the coordinator of De Tavira's personal escort force raised two major doubts:

On the one hand, it is unknown what Castillo de la Riva did when, according to members of the escort force, he entered the PJF head's residence, while the latter was preparing to rest at dawn on 24 December. On the other, it is also unknown what he did upon entering the doctor's house on the morning of the same day, about 0900 hours, later emerging with a cup of coffee and reporting that his chief was "sound asleep."

The suspicions against Castillo de la Riva were heightened last week in opinions expressed and accounts given, attributing the attack to both a settling of scores among drug trafficking "capos" and the revenge of Judicial Police members who did not approve of the internal changes that De Tavira proposed to implement in the police corps beginning this year.

De Tavira had mentioned to his family members the possible participation of the coordinator of his personal escort force in the attack.

He also had received threats.

"Juan Pablo de Tavira was a high-risk candidate for assassination," declared Jose Luis Perez Canchola, ex-human rights prosecutor in Baja California. He claimed to have been a witness to the threats aimed against the PJF head by one of the bodyguards of the drug trafficker, Joaquin "El Chapo" Guzman.

He specified that the incidents took place during a tour made of the Almoloya prison by various representatives of human rights agencies, while De Tavira was directing this prison center.

He remarked: "During our stay, there was a strong exchange of words between De Tavira and some inmates."

A record of this incident was left in the Government Secretariat, where the general report of the visitors was submitted.

The source noted: "De Tavira is an extremely honest man who met his obligation to the letter, and, unfortunately, that was putting him at serious risk. We pointed this out to the Government Secretariat, suggesting that he be shifted to another position of responsibility."

When interviewed regarding the case, the ex-attorney general, Mario Ruiz Massieu, commented that it was "strange" that the PGR authorities had not reported this "until now, whereas the incident (the attack) took place on 24 December."

Ruiz Massieu who, as assistant attorney general, learned about the inner workings of the Mexican judicial system, makes the following observations:

"If the drug traffickers or judicial police had wanted to kill him, they would kill him, period. But they would not expose themselves with a method as sophisticated as poisoning with gas." He asserted: "This is an atypical case in the history of organized crime in the country."

The case has had strong repercussions in the United States. During a private meeting with Mexican officials from the Secretariat of Foreign Relations, the DEA and the FBI requested information from the Zedillo government on the attack against the police chief.

Last week, reports began to be leaked, claiming that Castillo de la Riva and his associates would be remanded; and it was commented unofficially that the procedures would be initiated starting this Monday, 20 February.

Guatemala

Presidency Official Satisfied With UN Position on Human Rights

PA0503120995 Guatemala City LA REPUBLICA
in Spanish 2 Mar 95 p 3

[FBIS Translated Text] Hector Luna Troccoli, secretary general of the Presidency, said yesterday that the government is "satisfied" with the United Nations' determination "not to condemn" the country as "a systematic violator of human rights" after admitting the sanction "is a commitment" with the Guatemalans.

Likewise, Deputy Foreign Minister Bernardo Arevalo, currently in charge of the Foreign Ministry, said the international forum's resolution "recognizes the government's efforts" to enforce respect for human rights.

It was learned yesterday the UN resolution on respect for human rights suggests Guatemala should continue on line 21 (where countries receiving advice remain) and rejects the country's return to the shameful line 12 (where nations that flagrantly and systematically violate human rights are located).

Nevertheless, Arevalo said the official sanction would be known on 8 or 9 March (activities at the Geneva forum were suspended today), when the final result will be known.

Government Press Release on Resolution

PA0703121095 Guatemala City PRENSA LIBRE
in Spanish 4 Mar 95 p 55

[Press release issued by the Guatemalan Presidency in Guatemala City on 2 March]

[FBIS Translated Text] The UN Human Rights Commission, currently meeting in Geneva, Switzerland, has recommended keeping Guatemala listed on the so-called Line 21, whose purpose is to assist governments in adopting measures necessary for the reinstatement of human rights.

In contrast to nations listed on Line 12, which applies to those nations in which human rights violations are the result of a state policy and which require the intervention of a UN rapporteur or inspector, Line 21 does not imply a condemnation. Instead, it calls for only assistance and cooperation with the listed countries in their struggle to defend and protect of human rights.

To remain in this line, as Guatemala is currently doing, obviously offers no cause for rejoicing, because it merely implies that there is no state policy that violates human rights, although it recognizes that these rights are still being violated by criminals—whether common, seditious, or political—despite the government's efforts and actions against this.

In turn, the government willingly accepts the final Geneva resolution, which resulted from a recommendation by consensus, and it will continue in its struggle for democracy and defense of human rights.

Guatemala City, 2 March 1995

Poll: Majority Want URNG to Participate in Elections

PA0703040195 Guatemala City LA REPUBLICA
in Spanish 6 Mar 95 p 8

[FBIS Translated Text] According to the results of the "Peace Dialogue" poll conducted by LA REPUBLICA-Business Marketing, 56 percent of Guatemalans favor the participation of the Guatemalan National Revolutionary Unity (URNG) in the presidential elections slated for late 1995 and 19 percent would vote for a party formed by this group. In addition, people have taken a keen interest in the issue of peace.

The survey was conducted between 22 February and 1 March, precisely at the time when people were expecting the UN response after the government of President Ramiro De Leon Carpio and URNG leaders accepted the calendar to "relaunch" the negotiation process.

Nicaragua

Source: Chamorro 'Has Not Ruled Out' Resignation Option

PA0703022895 Managua BARRICADA in Spanish
6 Mar 95 p 2

[Report by Carlos Garcia Castillo]

[FBIS Translated Text] Among Nicaraguan political circles, it is rumored that Violeta Barrios Chamorro is considering "picking up her bags" and resigning from the Presidency, which is one of the many ways she could resolve the Nicaraguan institutional crisis that has resulted from her confrontation with the Legislative Branch.

The matter was first mentioned during a meeting between Mrs. Chamorro and leaders of the Higher Council of Private Enterprise (Cosep), whom she apparently told she would rather resign than accept the validity of the constitutional reforms. On that occasion, Cosep issued a communique saying the reduction of the presidential term, which Mrs. Chamorro's resignation would imply, would worsen the situation and would seriously threaten Nicaragua's stability.

According to one source consulted by BARRICADA who chose to remain anonymous, Mrs. Chamorro has not ruled out the idea of resigning if a political agreement is not reached with the legislature. Mrs. Chamorro's resignation, as well as that of her son-in-law, would pave the way for Engineer Antonio Lacayo Oyanguren's presidential aspirations.

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Our source said various solutions are being discussed at the negotiating table. All of them call for the Executive Branch's acknowledgement of the constitutional reforms approved by congress.

The most widely accepted choice is to immediately initiate a dialogue between the branches of state, which has been proposed by the Sandinist National Liberation Front. This would be followed by the signing of a political agreement acknowledging the reforms, but establishing a constitutional legislative agenda that would allow the improvement or "reformation" of the reforms.

Certain deputies, such as Cairo Manuel Lopez, believe this option would be difficult to implement, but they have not ruled it out. The UDC [Christian Democratic Union] deputy told BARRICADA that the possibility of opening a new constitutional reforms process to alter the already established reforms would be more difficult, because it would require the organization of a special majority, which would not be easy to attain.

Text of Major Reforms Published

95CA0126A *Managua LA TRIBUNA in Spanish*
3 Feb 95 p 4a

[Article by Claudia Chamorro G.]

[Box, p 3a]

Basic Articles of the Reforms That Were Approved

[FBIS Translated Excerpt] Article 5. Freedom; dignity; justice for the individual; political, social, and ethnic pluralism; recognition of the different forms of ownership; free international cooperation; and respect for free self-determination are principles of the Nicaraguan nation.

Article 28. Nicaraguans who are present in a foreign country enjoy the assistance and protection of the state, which are provided by its diplomatic and consular missions.

Article 44. The right to private ownership of real and personal property and of the instruments and means of production is guaranteed.

Because of the social function of property, this right is subject to such limitations and obligations as the law may prescribe in the name of the public good or social interest. The real property mentioned in the first paragraph can be the object of expropriation in accordance with the law, upon payment of fair compensation in cash.

With respect to the expropriation of large uncultivated estates for purposes of agrarian reform, the law shall determine the method, amount, terms of payment, and interest that are recognized for purposes of compensation.

Article 68, first paragraph: Nicaraguans have the right of access to the media, and to an explanation whenever their rights and guarantees are affected.

The state shall take care that the media are not subject to control by foreign interests or to the economic monopoly of any group. The law shall regulate this matter.

The importation of paper, machinery, equipment, and spare parts for the media—and the importation, distribution, and sale of books, booklets, magazines, educational and scientific materials for instructional purposes, newspapers, and other periodicals—shall be exempt from all types of municipal, regional, and national taxes.

Article 93. The Army of Nicaragua is a national institution that is professional in character, nonpartisan, nonpolitical, and obedient; it is not a deliberative body. The members of the Army should receive instruction in civics and human rights.

Crimes and misdemeanors of a strictly military nature that are committed by members of the Army and the Police shall be judged in courts established by law.

Common crimes and misdemeanors committed by military personnel and police shall be judged in civil court.

In no case may civilians be judged by military courts.

Article 95. The Army of Nicaragua shall be governed in strict compliance with the Political Constitution, to which it shall show respect and obedience. It shall be subordinated to civilian authority, which shall be exercised by the president of the Republic in his capacity as commander in chief of the Army of Nicaragua or through the instrumentality of the corresponding ministry.

Article 99. The state is responsible for encouraging the integral development of the nation. Acting in its capacity as promoter of the common good and the democratic and participatory development of the economy, it shall be prepared to ensure and guarantee the individual, social, sectorial, and regional interests and needs of the nation. The state is responsible for protecting, promoting, and encouraging the various forms of ownership—and of private, state, cooperative, associative, community, and mixed economic and entrepreneurial management—in order to guarantee economic and social democracy.

Article 105, second paragraph: Privatization of the state services of education, health, and social security is prohibited.

Article 107. The Agrarian Reform shall eliminate the unproductive large estates and all forms of exploitation of the peasants and Indian communities of the nation, and shall encourage those forms of ownership that are compatible with the economic and social objectives of the nation that are established in this Constitution.

Article 114. The power to create, approve, amend, or abolish taxes belongs exclusively to the National Assembly and shall not be delegated. The state shall not demand the payment of taxes that have not previously been established by law.

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Article 121. All Nicaraguans have free and equal access to education. Elementary education is compulsory, and both elementary and secondary education are gratis in the state educational centers, without prejudice to the voluntary contributions of parents. No one shall be excluded in any way. The Indian villages and the communities of the Atlantic Coast are entitled in their region to an intercultural education in their mother tongue, in accordance with the law.

Article 125. The universities and technical education centers enjoy academic, financial, organic, and administrative autonomy, in accordance with the law. They shall be exempt from all types of national, regional, and municipal taxes and contributions.

The universities and Centers of Higher Technical Education—which by law should be financed by the state—shall receive an annual allocation of 6 percent of the General Budget of the Republic. The state may grant additional allocations for extraordinary expenditures by the aforementioned centers of higher education.

Article 130, sixth paragraph: No agency of the state or its dependencies, and no institution created by this Constitution, may employ any person who is closely associated with the appointing agency or institution or is a close relative of the person making the appointment, as the case may be. In the case of the appointment of officials of high rank, the prohibition relating to the fourth level of consanguinity and the second level of affinity shall apply. The law shall regulate this matter.

Article 138, numbers seven and eight: The following is a function of the National Assembly: Election of the judges of the Supreme Court of Justice from lists presented for each position by the president of the Republic and deputies of the National Assembly.

Article 147. The following are prerequisites for the offices of president and vice president of the Republic: 1) Must be a citizen of Nicaragua; 2) have the full exercise of civil and political rights; 3) be 25 years of age; and 4) have resided, or worked continuously, in Nicaragua during the five years preceding the election, except for missions or periods of study abroad.

In no case may candidates be elected president or vice president of the Republic who have not received a plurality of at least 45 percent of the valid votes. If none of the candidates achieves this percentage, a second election shall be held between the candidates who finished in first and second place, and the candidate receiving the most votes shall be elected.

The following may not be candidates for the offices of president or vice president of the Republic:

Any person who has held the office of president of the Republic for any portion of the presidential term during which the election is held for the following term, and any person who has held that office for two presidential terms.

Relatives up to the fourth level of consanguinity, and relatives who are or have been relatives up to the second level of affinity of a person who is holding—or has held—the office of president of the Republic for any portion of the presidential term during which the election is held for the following presidential term.

Article 159. The courts constitute a unitary system whose highest organ is the Supreme Court of Justice. An annual contribution of 4 percent of the General Budget of the Republic shall be allocated to the judicial branch of the government. [passage omitted]

Possible Compromise Viewed

95CA0158A Managua EL NUEVO DIARIO in Spanish
22 Feb 95 p 6

[Commentary by former BARRICADA editor Carlos F. Chamorro]

[FBIS Translated Text] Contrary to all predictions, a promising space for dialogue in the national crisis has been opened. The first round of talks between an Executive Branch committee, headed by the president of the republic, and another from the highest level of the Legislative Branch, to debate the implementation of the constitutional reforms, has brought encouraging results.

The fact that President Chamorro, in person, is presiding over the negotiations has created great expectations regarding the decisionmaking power emanating from her authority. At the present time, there is no government task more important for the president; hence, it has become a function impossible to delegate until the essential issues have been successfully settled.

With her willingness to debate the implementation of the reforms, implicitly accepting their promulgation, she took a bold step that has now made it possible to speculate on a prompt surmounting of the impasse. So long as this is the president's express will (despite the speech to the contrary by Minister Lacayo who, at the last minute, is contriving a Constitutional Convention to block the reforms), the Legislative Branch should not retreat from its offer of maximum flexibility in the process of implementing the reformed Constitution.

In the political area, there are four aspects of the negotiations that are most significant:

1. The time period and method for applying Article 130, regarding the conflict of interest involved in naming to the State's institutions officials who have a close kinship with the authority making the appointment. At the outset, this directly affects the continuation in office of the minister of the presidency, Antonio Lacayo. However, what would be advisable is a gradual enforcement, which would enable the president to rule on the organization of her government staff until the end of her term.

2. The exercise of the Legislative Branch's powers in taxation matters. A mutually beneficial solution would

stipulate that both branches are committed not to introduce bills pertaining to taxes that have not been previously debated.

3. The ratification of international economic agreements by the Assembly. It requires the establishment of policy procedures for dialogue and the government's commitment to reach consensus on the economic policy with all the country's forces.

4. The appointments of magistrates to the Supreme Court of Justice, the Comptroller, and the Assistant Comptroller, and the forthcoming selection of magistrates to the Supreme Electoral Council.

Many other secondary laws may be left unmentioned, but the political key to a good agreement, or to being caught in the grip of a major crisis, lies in these four points.

They are a ladder, and a moral guarantee.

It is reasonable for the parties to study, if necessary, a guarantee for the agreement, to eliminate mutual distrust concerning its implementation.

The government-EPS [Sandinist People's Army]-National Assembly accord on General Ortega's honorable retirement, achieved yesterday, and the approval of the Military Code, have already set a precedent. There was no need for external intermediaries in a pact that is crucial among Nicaraguans and, as a result, confidence in the national institutions was reinforced.

In the case of the agreement to be reached between the Executive and and Legislative Branches, a possible guarantor would be, rather, of a moral nature: a role destined for Cardinal Miguel Obando y Bravo, based on his indisputable legitimacy.

The other principal topic for negotiation is who should promulgate the reforms for the country's greater benefit, and when. An honorable solution for both, with the legal term defining a deadline, is for the president not to be obliged to promulgate the reforms now, but for the president of the Assembly to refrain from doing so in the future. They would wait for the completion of the talks on implementation at an early date, so that the head of state could execute the act. In this way, the perception of one prevailing over the other would be eliminated, with both parties yielding and displaying flexibility to the country; and all of us would win.

What is not fitting is the allegation interjected by Minister Antonio Lacayo at the Liberal Forum, that the Constitution should not be promulgated until the Supreme Court of Justice has heard the appeals on grounds of its unconstitutionality. The Constitution cannot be subjected to ferocious attacks and shyster tactics, used to "gain time." Violeta Chamorro is staking her personal reputation and credibility on the process of implementing the reforms. This will determine her subsequent ability to summon people for the most pressing

tasks during the final phase of her term, such as the National Development Strategy that has been demanded.

The Executive Branch has no reason to feel defeated by the reforms, if it achieves a satisfactory implementation. The only losers would be those who have always counted on exercising their "tactical powers," to the detriment of constructing ground rules in the democratic institutional system that are applicable to all, with the same impartiality.

The only ones who could feel injured are those who, adhering to an authoritarian orthodoxy that is conservative, though clad in leftist trappings, have seen in the reforms an unacceptable concession to democracy, and attempted to liquidate the Assembly as an ideal forum for political negotiation.

Foreign Ministry on Border Incident, Need for Dialogue

PA0703015895 Managua Radio Corporacion in Spanish
1330 GMT 6 Mar 95

[From the "News Trench"]

[FBIS Translated Text] The arrest of 13 Costa Rican Border Police members by Nicaraguan authorities for invading our territory to capture a peasant and the arrest of two Nicaraguan military by the Costa Ricans have worsened the normally cordial relations between the governments.

Protest notes have been issued by the two Foreign Ministries and newspapers in San Jose have commented the migration of Nicaraguans to Costa Rica, seeking security and jobs, while an economic, political, and social crisis prevails in Nicaragua. Some people even believe that Antonio Lacayo, who has assets in the neighboring country, is encouraging a border conflict to lower the profile of the political and juridical crisis that his government has created.

Meanwhile, this morning the Nicaraguan Foreign Ministry, under the authority of Engineer Ernesto Leal, issued a last-minute communique on the situation which arose following the arrest of the 13 Costa Ricans. Over to David Silva at the Foreign Ministry.

[Silva] A Nicaraguan National Police patrol, on a tip from a Nicaraguan citizen, intercepted and arrested 13 Border Police members from the Republic of Costa Rica who were 1.5 km inside Nicaraguan territory in the zone between border markers 15 and 16.

Nicaraguan Foreign Minister Ernesto Leal Sanchez has maintained constant contact with Rodrigo Carreras, the acting Costa Rican Foreign Minister, stating the Nicaraguan Government's serious concern given these events and the legitimacy of an arrest carried out in what is undoubtedly Nicaraguan territory. This situation was corroborated in public statements given by Linette Contreras Sandoval, the Costa Rican consul in Rivas.

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Foreign Minister Leal told Deputy Foreign Minister Carreras that the Nicaraguan Government would turn over the arrested Costa Ricans once the corresponding investigation has been completed. Moreover, Deputy Foreign Minister Carreras has assured Foreign Minister Leal that an in-depth investigation will be started on these events to provide the necessary explanations and establish responsibility.

The prisoners have been treated in the best way without violating any of their human rights, as stated by one of the prisoners, Lieutenant (Marlon) Torres Bonilla, and the Costa Rican consul. [3-second break in reception] categorically rejects the statements given by Costa Rican authorities that the Nicaraguan authorities' actions do not contribute to the consolidation of the traditional ties of friendship and cooperation between the two countries. Quite the contrary; actions like the illegal penetration of Costa Rican Border Police members into our country, do not contribute to the good relations between Costa Rica and Nicaragua.

The Nicaraguan Government believes that a dialogue is the only way to strengthen relations between the two countries, so it insists on the need to urgently carry out the bilateral meetings that had previously been approved and that were suspended by the Costa Rican Government. This does not contribute toward the solution of these problems.

Panama

Assembly President on Work of Legislature

PA0703024795 Panama City Radio Network in Spanish
2049 GMT 1 Mar 95

[Speech by Balbina Herrera Arauz, president of the National Legislative Assembly, at the opening of the second period of the first ordinary session of the National Assembly at the Legislative Palace in Panama City—live relay]

[FBIS Translated Text] Arturo Hoyos, president of the Supreme Court of Justice; Your Excellency Tomas Altamirano Duque, first vice president of the Republic; Your Excellency Felipe Virzi, second vice president of the Republic; Your Excellencies Messrs. Ministers and Deputy Ministers of State; Your Excellency Mr. Comptroller General and Deputy Comptroller General of the Republic; Your Excellencies Messrs. Chiefs of Diplomatic Missions accredited to the Republic of Panama; Honorable Magistrates of the Supreme Court of Justice; Honorable Magistrates of the Electoral Tribunal; Honorable Attorney General and Solicitor General; Your Excellency [name indistinct], representative of Monsignor Jose Dimas Cedenio; special guests; journalists of the domestic and foreign media; ladies and gentlemen:

When we assumed the presidency of the Legislative Assembly on 1 September, we accepted the challenge of transforming leadership in the social and political areas

so that the Legislative Branch could contribute to improving the living standards of all our fellow citizens. We also accepted the challenge of an adequate exercise of power to promote freedom of expression and the self-esteem of the Panamanian citizens as indispensable requirements for the free exercise of democracy.

We made a commitment to change old political practices, acknowledging, from the critical point we are currently facing, that the Legislative Assembly was and is willing to redesign the old concepts and values of public service. We also referred to [eight-second break in reception].

[Words indistinct] it is now time to inform the Panamanian people how close we are to accomplishing such objectives. The Assembly is fulfilling its task. As for the legislative [words indistinct] bills have been submitted; 34 of these bills are in the first debate, 10 in second debate, two are pending [words indistinct] to be sanctioned by the president of the Republic. Twelve have already been sanctioned.

To this we need to add those debated and approved during the extraordinary sessions: Law 5, which restructures the National Institute of Telecommunications; Law 6, which modifies the cabinet decree on the Institute of Hydraulic Resources and Electrification's internal law; and the approval to restructure the Interoceanic Region Authority's [ARI] internal law. There was a broad and democratic debate about ARI.

We need to highlight that this assembly encouraged a public political debate on [1-second break in reception] in which all politicians and political and professional organizations were able to take part.

Regardless of the various points of view, it is necessary to point out that among the most important aspects of the reforms to the ARI general law, the following stands out:

First: ARI will be able to adjust its work to the Panamanian state's economic and social development.

Second: Two new tasks have been entrusted to the ARI Board of Directors. One, [words indistinct] the promotion of increasing participation of Panamanian citizens in the Panama Canal Commission [PCC], especially in executive and managerial positions. Two, help so that the U.S. Government complies with the obligation and adherence to measures to remove explosives and toxic waste and the removal and cleaning of all threats to life, health, and human safety.

Third: The ARI Board of Directors is restructured to increase the number of its members from nine to 11, thus allowing the participation of different sectors of Panamanian society.

These include the National University of Panama, the Technological University, the Santa Maria la Antigua University, the Panamanian Association of Engineers

and Architects [SPIA], the labor sector, and a representative of the National Council of Private Enterprise.

Fourth: The post of general administrator was strengthened, stating that it is the general administrator who legally represents the ARI and the post of assistant administrator was created. Both individuals are to be selected from a list of names, chosen by the board of directors.

Fifth: The tenants of housing units within the reverted areas will be given first choice to purchase the units at a selling price set based on a social criteria, taking into account the true conditions of the unit and carrying out the appraisal procedures in accordance with the Fiscal Code.

We will tirelessly continue to contribute to governability. We must now begin the urgent and necessary tasks that lie ahead as of today, just one day after Carnival and on Ash Wednesday. In that regard, I must express my sincere thanks to our special guests and all those Panamanians who are here with us today.

Some of these tasks are: the tax incentive bill; the consumer protection law, the public and private consortium bill for the construction of social welfare housing projects, the [words indistinct], five environmental laws, the education law, and the law created the Social Project Development Fund, which will receive its resources from the sale of government assets. All of these projects are in their first debate in the appropriate working committee. We did not mention the labor modernization law, because we are waiting for the executive branch to come forth and present it here, [words indistinct].

The Legislative Branch acted decisively in finding a solution for the former training program scholarship beneficiaries, thus fulfilling the promise of an efficient, concerting, honest, and human legislature. When faced with hopeless problems our conduct must offer creative actions and a willingness to find solutions. Our people demand solutions, not paternalism. We reject paternalism as a solution. We must face the fight against unemployment. This period, the Legislative Assembly, in its willingness to overcome the old styles and systems, is determined to carry out committee meeting and plenary sessions in the countryside, because every Panamanian has the right to see and take part in the work of their legislature.

I must acknowledge the international recognition we have received for our legislative efforts. We have carried out an international program. Our [word indistinct] indicates positive cooperation between the U.S. Congress and the Legislative Assembly of Panama as a modest contribution to the growing and much-needed improvement of relations between the United States and our country. Past confrontation is giving way to understanding between the two nations. There was an invasion here and we are managing to overcome its effects. Likewise, we hope that the United States will soon, as

soon as possible, overcome all those barriers that separate it from Latin America. I have been asked to deliver the closing speech of the International Parliamentary Forum on Population and Social Development, to take place in Copenhagen, Denmark. There are several other meetings and appointments such as the 3d Interparliamentary Meeting on Human Rights, in Costa Rica and the 93d Interparliamentary Conference in Spain. In April, the Dominican Republic will host a conference on labor and ethnical issues. The International Women's Conference will take place in September. We must also mention that we have just created a Panamanian legislative commission to work with a French parliamentary commission.

This is part of the work we have done here at the Legislative Assembly. We have pressed on with the modernization plans for the Panamanian Legislative Assembly. From 14-17 February 1995, a mission from the International Development Bank visited Panama to define the necessary elements the Panamanian Legislative Assembly should include in its improvement plans which form part of the state modernization project. This project will receive financing and an implementation plan from the bank. As result of this, the Legislative Assembly has decided to seek the technical and human qualifications it needs to carry out its job and to strengthen its relationship with the electorate, thus contributing to the consolidation of democracy. It was also agreed that the Assembly will take steps to support and improve its response and analysis capability. These will be directed at public policy initiatives for overall development and the resulting legislative agenda. This agenda will focus on the issues of women, the environment, the education system, and Indian affairs.

The modernization plan we proposed includes the creation of the Assembly's radio station. Taking advantage of the fact that the president is here, we would like to tell him that this Assembly needs to have its own radio station. It is unacceptable that we should be under this sort of limitation. From this podium, therefore, I would like to ask, on behalf of all the legislators, that this initiative be turned into a reality because it is very important. We cannot continue approving major legislation without having a radio station. It is necessary that we obtain this radio station with the support of all state institutions.

The closed circuit television [CCTV]: We are in the experimental phase. Today, we only have two rooms with CCTV—the Assembly's Presidency Room and the News Media Room. By the end of 1995 we want all the honorable legislators to have a CCTV on every floor, so that they can follow all the activities taking place during the National Assembly plenum and visitors may know what we are debating.

The National Assembly's computer system: I am certain that we will have an electronic voting system in place by the end of 1995. We plan to upgrade and enlarge the

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building so the Assembly's library can operate, house a data processing directorate, and have room so that legislators can do their research and study. It is necessary that each one of our honorable legislators has access to a computer and know when dealing with a special topic what has been done, what is being done, and what can be done. That is one of the objectives we must fulfill in 1995. News media reflect the work done by the legislature. In my speech of 1 September, I voiced concern over the poor image of the National Assembly depicted by the news media. I also acknowledged that the apathy and lack of preparation of some lawmakers of the previous legislature gave rise to criticism. Today, I want to acknowledge publicly that most of the news media have contributed in a noticeable manner to counter this bad image, something that has allowed us to recover the prestige of this Legislative Branch. We thank the news media people for understanding the role each one of the men and women of this Legislative Branch performs.

We cannot stop now. We must overcome the current situation and look toward the future. We have to get ready for what lies ahead of us, the GATT, which will be called the WTO, and the modernization of the state, so that the debates on these issues reflect tolerance, knowledge of the issues, depth, and interest in the common good for the sake of Panama. We also plan, as a way of improving the quality of legislative work, to create an investigation and development unit to allow the debates

to become more thorough and reinforce the initiatives of each and every one of our honorable legislators.

Your Excellency, Mr. President, Mrs. Dora de Perez Balladares, Messrs. Vice Presidents, Supreme Court Justices, Mr. Attorney General and distinguished ministers and directors of autonomous entities, members of the diplomatic corps: Allow me now from this dais to pay tribute to the National Legislative Assembly employees who have silently toiled during the nonstop working hours we have established for the good of the country. To them in particular, to our technical and legal advisers, document drafters, the soundman—who sometimes gets the blame because the sound system is also deficient—the security corps members, and the secretaries who have a starting time but no quitting time and yet also contribute laboriously to Panama's welfare. I also want to pay tribute to the other state branches, as they have been able to understand that independence and harmonious cooperation alone can nourish our democracy. I want to thank President Ernesto Perez Balladares, who has respected the independence of this legislative branch and keeps communications open, promoting harmony for the sake of democracy and the future of Panama. I also want to thank all my friends and colleagues and tell them this new period will be very intense. If these six months we have worked, we must redouble that work, because the most difficult laws are next. Yet it is during hard times that the quality of men and women is proven. Thanks to you, and welcome to the new session of the National Legislative Assembly.

Argentina

Menem Emphasizes: 'No Recession in Argentina'

PY0603185295 Buenos Aires TELAM in Spanish
2334 GMT 5 Mar 95

[FBIS Translated Text] Buenos Aires, 5 Mar (TELAM)—President Carlos Menem today emphasized that there is no recession in Argentina, and that the various variables prove that our country's real economy is functioning perfectly.

In a report broadcast over television tonight, Menem said: "The real economy is functioning perfectly. There is stability and increased growth. And there is no recession, either."

The president made these remarks within the framework of a series of interviews sponsored by the Media Secretariat of the Presidency, which had this time invited journalist Enrique Llamas from Madariaga.

With regard to the current international economic situation prompted by the Mexican crisis and Argentina's possibility of overcoming it, Menem noted: "As long as there is a strong political leadership, everything has a solution."

Discussing Argentina's situation in 1989, Menem said: "When we came into power the situation was much more awkward than it is now. The country was a mess, with a tremendous corruption. Nevertheless we have been able to get out of the jam."

Menem added: "We have taken all the appropriate measures to change the course of the country and actively begin working on the transformation of the economy, state reform, market economy, and the balance of fiscal accounts."

Asked about the current situation of the economic markets, Menem admitted that over the past few weeks there has been "a kind of uneasiness, distrust." Nevertheless, he emphasized: "We will quickly overcome it."

Menem pointed out that his government's greatest achievement was "to pacify our country and transform it totally." He noted that his main concern involves "maintaining this growth, this development, this stability, and the prestige that Argentina has earned internationally."

The president was also asked about the remarks recently made by former Navy Captain Adolfo Scilingo, who mentioned human rights violations committed by Navy forces during the antisubversive struggle.

Menem responded that dirty war reviews "were entirely terminated" after he decided to pardon the military officers allegedly involved in "abusing" the orders received.

Menem also criticized the former Navy captain, noting: "He has been involved in three lawsuits for fraud, swindling, and robbery. His remarks are hardly credible."

The president noted that Scilingo's remarks are "less credible" because they were disseminated by "someone who has actively engaged in terrorism," hinting at journalist Horacio Verbitsky from the newspaper "PAGINA 12."

Cavallo: Private Banks May Be Asked for Short-Term Loan

PY0703035595 Buenos Aires TELAM in Spanish
2220 GMT 6 Mar 95

[FBIS Translated Text] Buenos Aires, 6 Mar (TELAM)—Economy Minister Domingo Cavallo today said that Argentina could ask the international banks for a short-term loan until the multilateral institutions disburse their loans in June. If Argentina suffers a total flight of capital, it could likewise ask the IMF for \$2 billion.

Cavallo also announced that this year the government will no longer participate in Treasury bond biddings in order to stop competing with the private sector to raise funds in the internal market. The government will only renew the \$500 million worth of bonds already placed in the market on their maturity date.

"If our problem of withdrawal of funds turns into a net flight of capital and a balance of payments problem, we could resort to the \$2 billion from the IMF," Cavallo said.

Cavallo, who granted interviews to the Buenos Aires economic newspapers EL CRONISTA and AMBITO FINANCIERO, said that "we do not have such problems today, but we could obtain the loan by extending for a year the Extended Facilities Agreement or by asking for a one-year "stand-by" credit.

The economy minister said that eventually "we could obtain short-term loans from international private banks until the multilateral institutions make their disbursements."

Cavallo said that it will be possible to obtain credit "as long as we offer guarantees that the currency will not be devalued, that there will be no 'default' [preceding word in English] (failure to make payment) on the part of the public or private sectors, and that the financial institutions will not go bankrupt."

The minister was cheerful at the fact that the financial market had given signals of greater calmness on 3 March, when the IMF decided to approve the disbursement of the last installments of the Extended Facilities Agreement for Argentina. He added: "We have always had strict control by the IMF."

"The IMF is convinced that with the measures adopted on 27 February, the goals are attainable. We knew this on 28 February, when IMF Managing Director Michel Camdessus told me so over the phone, but we preferred to wait for them to announce the news," Cavallo said.

As for the expiration of \$5.2 billion worth of debts this year, Cavallo expects to raise \$1 billion through the

privatization of nuclear power plants, hydroelectric dams, and petrochemical companies.

"We will make a 'strategic sale' not by a public offer but through a closed bid of the shares that the government still holds in the gas and electricity companies (...) This will represent \$1.4 billion pesos."

He also announced that the World Bank, the Inter-American Development Bank (IDB), and the Eximbank of Japan will contribute with \$1.3 billion to reform the provincial governments and to privatize their banks and service companies.

Cavallo asserted that "the program for financing of the public area does not consider the funds granted to the country by the World Bank, the IDB, and the Japanese Eximbank, which will be used to reform the provincial governments."

He added: "We can also mention the \$500 million loan that the World Bank granted to the Bice (Investment and Foreign Trade Bank—Banco de Inversion y Comercio Exterior) for future obligations to be issued by the private sector."

Cavallo also said that the government asked the World Bank to authorize the use of these resources to extend the term for payment of obligations of the private enterprises that become due this year.

He asserted that this would have been ideal to prevent repetition of the problem encountered by the Alto Parana paper manufacturing company, "or of the Acindar case." He said "this would help companies avoid having problems with the dates their obligations that can be negotiable abroad become due."

Cavallo said that modifications to the program for financing of the public sector contemplate the possibility that "\$500 million be added to the \$600 million we expect from multilateral organizations, thus totaling \$1.1 billion."

He also explained that "\$1.2 billion resulting from issuance of the Bonex 95 certificates remained from the previous financing program."

He confirmed: "We still hope to rescue Bocones [Consolidation Bonuses] for approximately \$6 billion," because, in addition to the \$2 billion resulting from privatizations (basically of the Yacyreta and Salto Grande dams), the government will also obtain funds resulting from the moratorium granted to tax debtors.

"We envision that there will be an equivalent of \$1 billion resulting from taxes spontaneously paid and resulting from the facilities for tax payment that the government is offering," Cavallo said. He added that this confirms that "we will not absorb domestic credit to finance the public sector."

Cavallo on Possible Loan Application

PY0603181995 Buenos Aires NOTICIAS
ARGENTINAS in Spanish 1530 GMT 5 Mar 95

[FBIS Translated Text] Buenos Aires, 5 Mar (NA)—Economy Minister Domingo Cavallo did not rule out the possibility of Argentina soliciting a \$2-billion loan from the IMF if there are any imbalances in the balance of payments this year. He made it clear, however, that "for the time being this has not happened."

Cavallo also announced that the IMF will deliver "in early April" the \$420 million that were solicited to meet foreign debt repayments and prevent the bidding of Treasury bonds.

The economy minister indicated that Argentina will secure these funds thanks to a special IMF authorization, because "there is a total absence of loans for Argentina, both on the foreign and the domestic markets."

Cavallo pointed out: "Argentina, as do all of the other IMF member countries, has the possibility of gaining access to \$2 billion every year, which is equivalent to one Argentine quota."

Cavallo added: "All the possibilities are open, but a decision will be made in due time. There is always the possibility of requesting more funds, but it is not possible to use all our ammunition at once."

The minister pointed out: "Argentina has never left the IMF fold. Last year the IMF asked us not to use the funds because they needed them for the Eastern countries."

Cavallo's Bond, IMF Strategies Criticized

95SM0210C Buenos Aires (Internet) Argentina Gopher
in Spanish 9 Feb 95

[Commentary by Walter Graziano: "Cavallo's Caprice With Treasury Bills"; from EL CRONISTA COMERCIAL News Summary]

[FBIS Translated Text] The Economy Ministry made public its February and March timetable for Treasury bill auctions a few hours ago. The aim is to float some \$1.7 billion in three-month bills to repay the maturing principal of public debt issues from the first quarter of this year.

Some comments are in order here.

a) No sooner had these new bill auctions been announced to the market than Argentine government bonds in general suffered sharp drops, so much so that some returned to levels near the ones they were at before President Clinton's package was announced to the markets. The fact that Argentine government bonds are yielding close to 20 percent a year in dollars surely represents the big difficulty that will arise in the auctions of bills to raise funds. On the one hand, these auctions are unquestionably going to cause additional problems in the markets because of fears during the days preceding

them. On the other, if the auctions are unsuccessful, so quickly will this convey the impression that the public sector is lacking in financing that it may spur capital flight.

b) Who is in a position today to buy more government bonds? On the one hand, after the decline in deposits in January, the banks do not have enough funds to invest in Treasury bills. On the other, individual investors who are reluctant to roll over 30-day certificates of deposits (which is why the level of deposits in the financial system is dropping) are unlikely to be interested in buying 90-day Treasury bills. So who is the demand expected to come from? One possibility is that the central bank itself will invest aggressively in these bonds to create confidence. This would merely be very bad news because, What sense does it make for the public sector to finance the public sector? The auctions would become a mockery in that case. Furthermore, if we take into account that the central bank is already financing much of the troubled financial system, this does not seem at all sound.

c) The 90-day bills that fall due in the next few days come to just \$500 million. However, the government will now be trying to float triple this amount. Therefore, we must warn of the major risk that is involved in having to deal with very large amounts of very short-term debt falling due. We must remember that it was precisely this factor that precipitated the financing crisis that Mexico endured and that led to disaster in that country.

It must be emphasized, then, that this is a serious situation, given that the mere announcement of a Treasury bill auction caused stocks and bonds to drop and implicit interest rates to rise (when the minister stated just hours before that he wanted them to fall), and it clearly shows that the reluctance to ask the IMF for help again and to sign a standby agreement can only be regarded as a caprice that will do nothing but cost the country money. Cavallo's capricious request for cheaper long-term financing reflects the minister's dangerous tendency to stick to his past words and announcements rather than face the facts. And if the facts have changed, past announcements cannot remain immutable. We must not forget that in the end the facts will prevail.

Frepasso Economist: 'Snubbing' IMF 'Mistake'

PY0603162795 Buenos Aires NOTICIAS
ARGENTINAS in Spanish 1441 GMT 3 Mar 95

[FBIS Translated Text] Buenos Aires, 4 Mar (NA)—Manuel Herrera, an economist for the Front for a Country in Solidarity (Frepasso), said today that Economy Minister Domingo Cavallo had a "lack of foresight" when he "wasted" the last two installments of an IMF loan last October. Herrera added that "this was proven by the fact that the government needed to again request" the loan from the organization.

Herrera said: "Someone in the government must admit that he made a mistake, and that the entire problem

affecting Argentina derives from very grave mistakes and lack of foresight, as government officials thought that the country could continue to contract debts forever."

The Frepasso economist said that "snubbing the IMF's \$400 million involved a lack of foresight as it was cheap money, and all these problems that are affecting us today followed from that."

Herrera pointed out that "very large factories have stopped producing, that is, they have stopped producing wealth and paying salaries" to their employees.

The economist said he was not aware of the special reasons that moved Cavallo to decide to refuse the IMF disbursements, "because I am not like the minister, who thinks he knows what people think. I believe he made all of us pay a very dear price for mistakes that were made for no apparent reason."

Herrera said the crisis "has not been overcome, because if you see what is happening in the real economy, that is, in regional as well as industrial economies, you will realize that there is a real squeeze, for lack of credit which has almost paralyzed their productive apparatus."

"People were convinced to take loans at very high interest rates because credit had disappeared, and of course there was some anxiety to take needed loans. But they cannot be blamed for this," the economist told a radio station.

Herrera said "we must understand the real problem affecting Argentina. The first problem is foreign as well as domestic investors' strong lack of confidence."

Herrera said that this situation "is reflected in banks, which are seeing the withdrawal of deposits, and their reserves dwindling. We are not very sure, but Central Bank reports seem to indicate that we have lost \$1 billion in the past seven calendar days."

Herrera proposed contracting "an international auditing firm to check on Argentina's real reserve levels, so we can know the real situation, because official accounts are very confusing."

Herrera also warned: "We must avoid touching bank deposits in the Central Bank, or changing dollars deposited there in exchange for papers of doubtful value."

UCR Economist: Cavallo Policy 'Mistaken'

PY0603161095 Buenos Aires NOTICIAS
ARGENTINAS in Spanish 1601 GMT 4 Mar 95

[FBIS Translated Text] Buenos Aires, 4 Mar (NA)—UCR [Radical Civic Union] economist Adalberto Rodriguez Giavarini emphasized today that Argentina's return to the IMF fold "proves that [Economy Minister] (Domingo) Cavallo was mistaken, and those of us who were saying that the true reason for leaving the IMF fold was the inability to meet the fiscal targets were right."

Giavarini pointed out: "At an international level, returning to a reinforced IMF audit is a report that will decompress the market, as it was proven yesterday by the stock exchange rally."

Nevertheless, Giavarini noted: "Very resolute congressional actions are now required, raising proposals in order to correct the tax measures presented to Argentine society."

Giavarini, an economist and Buenos Aires UCR deputy candidate, emphasized that the stock exchange rally is linked "to the return to the IMF fold, after the minister unexpectedly left the IMF fold given the inability to meet the fiscal targets."

Giavarini noted: "This proves that Cavallo was mistaken, and those of us who were mentioning the true reason for leaving the IMF fold, which the minister refused to explain, were right."

The economist described as "serious" the fact that "the people have not been continually and clearly informed about the situation being experienced, as the people cannot be deluded with regard to the true situation being experienced in our country."

Rodriguez Giavarini pointed out: "If the Argentine people had received the message that there were problems in meeting the fiscal targets, and solutions were announced, the people would have understood it, and during the last three months we would have avoided incurring the distrust which, in my opinion, will be very difficult to overcome."

Nevertheless, the economist emphasized: "It is much better to see signs that a reversal is desired and solutions are being sought, rather than denying reality, which has so far seemed characteristic of both the economy minister and the president of the Republic."

Concerning the package of fiscal measures proposed by the Economy Ministry, Giavarini said: "The final assessment will depend on the level of activity foreseen, but in my opinion, I believe these indicators have been somewhat overestimated."

Giavarini said that the UCR would propose changes to the fiscal package that the government sent to Congress, because it contains "flagrant tax elements that are at odds with the criteria supported by the UCR, involving an effort to achieve the best equality possible."

Commentary Details 'Local' Causes for Economic Crisis

PY0703132895 Buenos Aires CLARIN in Spanish
6 Mar 95 p 14

[FBIS Translated Text] Last week's hectic days made it quite clear that our economic difficulties are due to a large extent to local "effects," and in particular to the consequences of the fiscal deficit.

The strong increase in interest rates, the withdrawals from the financial system, and the problems involving private and public banks, which became acute over the past few months, were officially attributed to the so-called tequila effect, or foreign investors' mistrust in the aftermath of the Mexican foreign exchange and political crisis.

In effect, because investors tend to judge all the Latin American economies by the ups and downs of the Mexican economy, there was throughout the entire region a contraction of credit that pressured interest rates and restricted credit, even that used to renew old debts. Those conditions caused a great impact—it could not have been otherwise—on the local market.

But the recent shakeup and uncertainty involving the markets can also be explained by doubts derived from local economic imbalances, particularly due to the fiscal deficit. This cause was finally recognized by our economic authorities, who at the beginning of the week announced severe spending cuts and many other measures to increase revenues. The government also changed some dispositions of the Central Bank Organic Law to give it the possibility of acting as a last resort credit source to bail out banks facing difficulties.

These measures, including news of the favorable development of prices released last week, were not enough to stop the market slide: Stock market values continued dropping, and interest rates hit levels unheard of in past years.

Circumstances were possibly also affected by capital withdrawals made with the purpose of pressuring for a devaluation, a measure that is totally inadmissible in the current situation.

The market reaction forced the government to speed up its negotiations with the IMF to obtain a monitoring of the economic situation which could, essentially, be used as a certificate of economic good behavior to show local and foreign investors.

Last year the Economy Ministry decided not to take a soft IMF loan because the deal would have required the implementation of an important fiscal adjustment, and the government believed it could continue to count on abundant resources in foreign markets to cover the deficit. But conditions in the international money markets changed, and it was obvious that it would be difficult to obtain such financing at this time.

The government tried to prevent a restriction of credit by stressing the differences between the Mexican and Argentine economies, but results were negative, and it had to advance in the direction of a fiscal adjustment and a return to IMF monitoring.

This situation could at least have been made less dramatic had the government made more realist revenue projections last year, had it avoided expenses for luxurious items or those made for political reasons, and

essentially had it concentrated fiscal efforts more on helping to develop productive activities. Now we can only wait to see if the official measures have the expected result of recovering investors' trust and achieving a fiscal balance without excessive costs in terms of production, employment, or revenues.

Economists View Confidence Crisis

95SM0227A Buenos Aires (Internet) Argentina Gopher in Spanish 2 Mar 95

[Article by Daniel Naszewski: "Crisis of Confidence Is More Serious Than Fiscal Problem"; from EL CRONISTA COMERCIAL News Summary 2 Mar 95]

[FBIS Translated Text] The monthly series of talks that economist and consultant Miguel Angel Broda arranges for his clients showed yesterday that the level of uneasiness in the air is very high. Nearly 200 businessmen gathered at a hall in Caesar Palace to listen to the comments and numbers offered by Ricardo Lopez Murphy, political scientist Rosendo Fraga, and Broda himself. The two economists gave particularly harsh, yet subtly dissimilar, diagnoses of the current situation, and they drew different conclusions. The more optimistic Broda made it quite clear, with his customary torrent of statistics, that the situation has been grave since the crisis erupted in Mexico but that it is no way "terminal" or unmanageable if the economic team continues taking the same sort of measures that it has so far. Acknowledging that there is a "good official diagnosis, albeit a belated one," he suggested that what we are looking at is a serious crisis of confidence rather than particularly bad macroeconomic variables, if we consider what happened in Mexico and realize that, more than two months after the Mexican devaluation, specific developments in Argentina have not been that dramatic. The solvency of the financial system and fiscal solvency are the two primary areas that Broda has been monitoring. As for the former, he contended that the much feared run on the banks did not amount to much. For example, he showed that the net loss of deposits in the financial system, in pesos and dollars, totaled 2.978 billion if we compare the most recent data available (as of 22 February) with those at the start of the Mexican crisis on 20 December 1994. This comes to 6.4 percent of the 42.6 billion pesos and dollars deposited at present in the financial system, although the withdrawals were clearly from deposits in pesos, inasmuch as the dollar-denominated ones were up 0.2 percent during this period. As for the drop in international reserves since the outset of the crisis, Broda indicated that the figure of \$2.294 billion in gold and foreign exchange is "serious but not hopeless." Regarding the financial question, meanwhile, Lopez Murphy expressed concern that the Central Bank of the Argentine Republic (BCRA) could lose independence because of the new safety net that it established this week for private banks by raising reserve requirements to alleviate the banks' liquidity problems. Specifically, he argued that there is a danger that new money will be a

issued, a departure from orthodox policy and convertibility, adding that he would have preferred a "hospital for banks" that would be outside the BCRA and that would explicitly indicate what funds would be used to help troubled banks. Otherwise, the two specialists agreed that Argentina should forget about all external borrowing for some time. Even so, they had different opinions about the Economy Ministry's treatment of the fiscal problem. Analyzing the measures one by one, Broda indicated that government accounts in the first quarter may not be far from their targets after the proposed spending cuts and the arrangements announced this week for enhanced revenue collection. "As for the fiscal problem, the diagnosis is basically correct," Broda indicated. Meanwhile, Murphy doubted that the measures would work and advocated hiking the VAT, concurrent with a reduction in employer contributions, so as to trigger a change in relative prices.

Chronic Economic Problems 'Cloud' Horizon

95SM0210B Buenos Aires (Internet) Argentina Gopher in Spanish 13 Feb 95

[Commentary by Daniel Della Costa: "Unemployment and the Provinces, Without a Solution"; from EL CRONISTA COMERCIAL News Summary 13 Feb 95]

[FBIS Translated Text] The approach that government officials are taking to the problem is the one that people would expect. The public never knows how much Loxton these officials need to take to remain calm, but this is the feeling that they are conveying as the storm worsens. With the exception of some overreaction by Carlos Menem (when he recommended that people "seek out trustworthy institutions" in which to place their money, a piece of advice that, if people followed it, would jeopardize more than just the kiosks in the financial district); Roque Macarone's acknowledgment that there is "enormous concern" over what is happening in the stock market, and Eduardo Duhalde's admission that there could be jolts to the economy (which Domingo Cavallo confirmed from Miami), the rest of the administration team took a "very British" attitude towards recent developments. There are two reasons for this. One, if the captain is the first one to walk towards the lifeboats in the midst of a storm, a shipwreck may become inevitable and many lives will be lost. Two, they have complete confidence in his expertise and are convinced that the crisis will be surmounted without the need to sacrifice the plan, much less jeopardize a big victory in the May elections. The Economy Ministry admits that there has been capital flight (some \$2 billion), that the system has lost deposits, and that owing to the smaller budget surplus, the interrupted inflow of overseas capital, and higher interest rates, 1995 looks to be more complicated than last year. The ministry adds, however, that there will be no problem paying the debts which mature this year and that during the year (unless Mexico burns or Brazil loses control) the financial district will recover from the current turbulence, mergers

and liquidations will not disrupt the peace, and investors, like the swallows, will return to the nests of the emerging economies. To overcome the "tequila-Fed" effect without runs on San Martin Street and without having to devalue or resort to the IMF (as Walter Graziano and Adolfo Sturzenegger are proposing) would be a big victory over the "vultures," as Cavallo calls the people who seem to enjoy the troubles that he is having. It is equally true, however, that the other problems plaguing the model, which antedate the crisis, although it has worsened them, will remain unresolved. The first is the level of employment, and the second is the condition of the provinces. (The third is presumably the situation among retirees, but there are no solutions to it today that are compatible with economic realities). The sell-off of the State's last remaining assets, combined with the disappearance of banking institutions, the cutbacks in the provinces, and the process of modernization and concentration that is taking place in industry and commerce should boost the number of unemployed. The Economy Ministry is hoping that more flexible labor regulations and higher demand from Brazil will offset these factors. But since the outlook is for much slower economic growth than in previous years, no matter how much the cost of labor declines and exports rise, they can hardly compensate for the lost jobs. As for the provinces, there has been talk for four years about a reconversion that has not come to pass and seems unlikely to either right now. The issue continues to be dealt with politically. Financial aid is being traded for support for the ruling-party ticket, and the administration is going softer on the provincial governments that it counts among its own troops than on those controlled by the opposition. The persistence of bureaucratic burdens, the belated privatization of banks and enterprises (which some provinces, like Buenos Aires and Rio Negro, oppose), and the collapse of regional economies are making the forecasts gloomier. The dependence of much of the interior on the Treasury will outlive the fading of the tequila-Fed effect.

Central Bank Considers Liquidity Measures

95SM0212B Buenos Aires (INTERNET) ARGENTINA
GOPHER in Spanish 10 Feb 95

[Article by Alberto Lippi: "Central Bank Readies Tools To Restore Bank Liquidity"]

[FBIS Translated Text] Central Bank authorities are analyzing a set of tools to restore normal liquidity levels, after the shock wave from the Mexican crisis caught them with an obvious imbalance between their portfolios of assets and liabilities.

The head of the Central Bank, Roque Fernandez, acknowledged these discussions, although he indicated that they had not yet reached the decision-making stage.

Prominent among the proposals submitted for the consideration of the Central Bank is to securitize or sell off the collateral of the loans granted by financial institutions. If approved, it would have two beneficial consequences: It would give the financial system greater

operating capacity and it would offer investors another choice in the current broad range of options.

In their analysis of the banks' asset portfolios, the technicians identified four categories of collateral that could be grouped together for securitization through the creation of closed-end funds to be offered to investors:

- Assets that are tied to loans granted to certain provinces and that have revenue-sharing collateral, which would make them something like a government bond, given the automatic collection clause. As Fernandez himself said, "this way we can set up a common fund to which the Bank of the Nation network can sell a major portion, which will generate fresh funds."
- The transfer or sale of portfolios comprising all mortgages; this would harness a large sum of money that was granted starting around 1982 with the reemergence of credit but that has a long payback period, some 10 years.
- The collateral in the financial circuit.
- Credit card collections.

The sources that EL CRONISTA consulted indicated that these categories, which seem to be the easiest to securitize, do not necessarily have to come from a single institution; rather, the most homogeneous instruments would be sought for the creation of different Closed-end Credit Funds.

The Banco Hipotecario Nacional [National Mortgage Bank] announced a system similar to this for new housing plans in December. However, both this proposal, which was announced with much fanfare, and the bank plan are contingent upon congressional approval of securitization and several complementary regulations and on a mortgage or collateral being able to change owner. This bill has been in the legislative hopper since last October. In the meantime, while the Central Bank promotes these tools to reinforce the soundness of financial institutions, the Economy Ministry continues to wager on a drastic reduction in the number of banks on the local market. The secretary of finances and banks, Roque Maccarone, said that the mergers would continue but that in a free market this was a problem for bankers, not government officials.

Editorial Discusses Fiscal Problems

95SM0211A Buenos Aires CLARIN in Spanish
12 Feb 95 p 16

[FBIS Translated Text] The fiscal results of the first month of the year cast serious doubts on the government's ability to achieve the objectives it set not long ago, both because of the unfavorable performance of revenues and because of the rigidity of spending.

According to official estimates, to balance our budget we would have to boost tax revenues and social security contributions by more than 6 percent, which would make it possible to pay the interest on the public debt. Then, only the principal would have to be refinanced.

However, January tax collections, which were slightly higher than those of the same month last year and lower than Treasury's expectations, helped exacerbate previous doubts about the possibility of achieving those goals.

A number of factors affect the ability to collect revenues. One is the fact that growth will be less than originally projected this year, and the expansion of consumption will not be as big a component, which will reduce value-added tax (IVA) collections. Moreover, people are joining AFJPs at a higher rate than expected, undoubtedly because of the uncertainty raised by government initiatives in the distribution system, which means lower revenues for that system.

It should be noted that both the reduction in consumption and the success of private retirement funds are cherished government objectives, but paradoxically, they are having a negative impact on fiscal expectations.

Another adverse element is the fact that attempts to cut tax and contribution evasion have not had the desired results, partly because the operations carried out by the General Directorate of Revenues have revealed that the ability to pay taxes is less than expected.

Thus, the government is trying to speed up the legislative processing of the social security bill that would enable it to limit payments by the system, especially those arising out of claims filed by retirees to obtain available funds. As a result, spending could be cut and outlays could be more predictable.

It also plans to expand the application of the so-called "wealth tax," which has yielded meager sums, and make it virtually a new tax. It would also continue its pressure on the provinces to make more profound adjustments.

All of that notwithstanding, some evaluations conclude that it will be very difficult to balance the budget or to keep the deficit to a minimum, and that it will therefore be necessary to increase indebtedness.

This possibility is not attractive, because access to foreign credit is more difficult and more onerous, and because financing on the local market would prompt a rise in interest rates, which would boost the already high cost of local financing and therefore put a damper on activity. This, in turn, would affect both the government's revenue collections and the position of the financial system.

The budget situation, in short, reflects the strict limitations on the government's ability to pursue its policy in the near future, and the aggravation of longstanding threats such as the slowdown in economic activity.

Hence, this scenario requires extra care in managing resources, and in particular, in combating corrupt practices which, judging by the cases that have come to light recently, divert substantial portions of these resources to unintended purposes.

It is also important to proceed with efforts to cut down on tax evasion so that outlays will not have to be covered by stepping up the pressure on those who pay their taxes properly or by resorting to costly indebtedness.

Specifics Discussed

95SM0211B Buenos Aires (INTERNET) ARGENTINA
GOPHER in Spanish 7 Feb 95

[Report by Ricardo Rosales]

[FBIS Translated Text] In the last few days, the economic team has begun to revise its fiscal projections for the year and to work on a less optimistic hypothesis. It was prompted to do so by the discovery that 1995 tax collections were overestimated by no less than 1 billion pesos. The new situation is not directly related to the Mexican crisis, but rather to the Argentine labor market and other variables, such as consumption, investment, and exports, which affect the level of revenues. It is also due to the overestimation of the economic effects of the so-called Operation Census carried out by the General Directorate of Revenues (DGI) to get a handle on the extent of evasion of social security contributions. In this new context of revenue shortages, Domingo Cavallo's staff does not rule out any measure *a priori*: more spending cuts, tweaking tax rates, or carrying out privatizations this year in cash rather than for certificates, as the minister announced early last January. Of all of the possible options, tweaking tax rates is the one least attractive to Cavallo. Secretary Carlos Tacchi has fiercely opposed this option over the last four years. The expected decline in revenues in 1995 does not apply to all taxes, but to social security contributions. Tacchi now considers it a veritable "feat" to have maintained collections at about 3.6 billion pesos in December and 4 billion pesos in January. Other members of the team argue that it is practically "a miracle," considering the gloomy economic context.

For 1995, the official projection of revenues is 33.9 billion pesos in taxes and 14.85 billion pesos in social security contributions. Tacchi believes that the tax target is "probable and possible," but he has serious doubts about the social security target. There are several reasons for this change of heart:

- In the first place, Operation Census, which was based on the assumption that 1.6 million new contributors would be incorporated into the social security system this year, has not yielded concrete results; in the last two months, the collection of contributions from self-employed workers has remained on a plateau.
- In the second place, the initial phase of the survey of about 2 million individuals who had failed to make social security contributions revealed a number of problems that had not been given adequate consideration previously. For example, high unemployment forces many workers to accept payment "under the table," and the marginal underemployment that in many cases is concealed behind the taxpayer category

of "self-employed" entails subsistence income levels that encourage evasion and prevent any kind of enforcement by the DGI. In more technical terms, the economic team, the DGI, and Tacchi discovered that the number of "subjects who have no fiscal interest" (that is, who have no ability whatsoever to pay taxes) is much greater than anyone imagined a few months ago.

Finally, in the last two months, the capitalization system has been growing to the detriment of the distribution system (in January, personal capitalized contributions to AFJPs amounted to 240 million pesos). The latest official measures with regard to state retirement funds (ceilings, freezing of claim filings, etc.) leave very little hope for those who remain in this system. In the area of taxes, the projections are stronger, although there are also problems: the share of consumption in the GDP fell by four points between 1992 and 1995, which means that consumption alone will account for a decline of 2.5 billion pesos in value-added tax (IVA) revenues this year. In addition, there is the impact of investment (which is exempt from the IVA) and exports, which are on the rise. The stagnation of IVA revenues, however, should be offset by the capital gains tax, which is on an upswing and, in Tacchi's opinion, "is still very low." The spending problem that Cavallo faces is no less simple. The final report for fiscal 1994, issued by Treasury Secretary Ricardo Gutierrez, confirms that the debt service last year was paid for with capital resources and proceeds from privatizations (the primary surplus without privatizations was 2,333 billion pesos, while interest payments amounted to 3.15 billion pesos).

Defense Minister Views Discussions at U.S. Pentagon

PY0603131995 Buenos Aires NOTICIAS
ARGENTINAS in Spanish 2225 GMT 2 Mar 95

[FBIS Translated Text] Washington, 2 Mar (AFP-NA)—At the end of several bilateral meetings at the Pentagon, it was reported on 2 March that the United States and Argentina have laid the foundations for mutual military cooperation for international peace-keeping missions and for strengthening hemispheric security.

U.S. Secretary of Defense William Perry and Argentine Defense Minister Oscar Camilion agreed to review the appropriate laws and priorities, including assistance for security matters, and to help Argentina increase the capability of its Armed Forces to participate in peace-keeping missions.

The Permanent Bilateral Task Group for Defense Matters met for two days. At the end of these meetings Minister Camilion talked about the new phase of hemispheric security that followed the end of the Cold War.

The minister emphasized that this is the first time the United States has set up a task group of this kind with a

Latin American country. Camilion explained that Argentina's active and growing participation in international peace-seeking coalitions, such as in the Persian Gulf and Haiti, prompted the establishment of this task group.

Argentina had only 30 military observers in 1989 whereas nowadays it has 3,000 Blue Helmets available, of whom some 1,500 are currently involved in simultaneous operations.

The committees of the Bilateral Task Group have prepared a Plan of Action and have established an agenda. The two parties want to find out "how it will work as a model for other countries."

Camilion said: "The State Department is interested in this, and so are we. We do not want any special treatment. We wanted a practical mechanism, and we hope that this mechanism for cooperation will prove to be effective so that it can be used with other countries."

He explained: "We want to arouse as much interest as possible in Latin America, because the security of all the countries in that region will benefit from this policy of cooperation."

The minister reported that the premises of the Regional Training Center for UN peacekeeping forces in Buenos Aires are ready, and that the center will start operating in 1996.

The minister's analysis on hemispheric security included the "threat" that Castro's Cuba posed for the region, and the fact that Great Britain's arms embargo against Argentina—although the war over the Malvinas Island has been over for 13 years—"undermines regional balance."

He said: "Latin American countries have reviewed their approach to security. Generally speaking, security improved overall in Latin America after the end of the Cold War."

Camilion explained that Latin American countries agree "that basic but adequate dissuasive structures, and an equally basic but adequate military balance (among these countries), are not obstacles for peace but rather an assurance that it will be preserved."

He said that many things have changed as far as regional defense is concerned compared to 15 years ago, as many countries are using electronic surveillance along their borders, not because "they are worried about their neighbors," but rather to keep drug traffickers under control.

He added: "Fifteen years ago we did not feel that keeping an eye on Argentina's territorial sea was a big problem, because we did not fish there, and nobody else did, either." He went on to say: "Nowadays, protecting our assets in our territorial sea is a priority for national defense, and we need all kinds of equipment such as reconnaissance planes and maritime surveillance planes."

Camilion said that the events in Cuba in 1959 (meaning the victory of the revolution and Fidel Castro's advent to power) "had a lot to do with hemispheric security."

He added: "In the past this was the main problem for hemispheric security," because all the problems that cropped up in the fifties "were closely related to the expectations that the revolution aroused, to the revolution itself, and to the fact that through this revolution the Cold War had reached the continent."

The minister stated: "Nowadays, we perceive Cuba as an anachronism, politically speaking, but no longer as the threat to hemispheric security it has been in the past."

He indicated that in his meetings with high-ranking Pentagon and State Department officials, he "did not perceive any concern in this regard."

Camilion also explained that Great Britain's embargo against Argentina because of the 1982 war over the Malvinas Islands—an embargo in which the United States participated until two years ago—was counterproductive as far as the hemispheric security balance is concerned. He added that "instead of improving security in South America as a whole," the embargo "undermines regional balance" because the British "are still selling arms to Latin American countries other than Argentina, frequently under extremely favorable terms."

He said: It has been clearly explained to the U.S. Government and Congress that "the British embargo is an unacceptable anachronism," and that "we are extremely upset by this embargo to which a country that plays a key role in the United Nations Security Council is resorting."

Source Confirms Weapons Shipment 'Diverted to Ecuador'

*PY0703025395 Buenos Aires TELAM in Spanish
0028 GMT 7 Mar 95*

[FBIS Translated Text] Buenos Aires, 6 Mar (TELAM)—On 6 March, a high-ranking source close to the Defense Ministry reported that two planes from a U.S. company transporting Argentine weapons to Venezuela were diverted to Ecuador.

This source told TELAM that "the operation (in which Argentine weapons were diverted to Ecuador) was orchestrated by a crook" and that the Ecuadoran Armed Forces got the weapons, which led the Peruvian Government to lodge a protest.

The same source added that the shipment, which belonged to the General Directorate of Military Industries, a dependent of the Argentine Defense Ministry, had "the Venezuelan Armed Forces as its final destination," adding that "Argentina has certificates" to prove the deal.

The source added: "The Economy, Defense, and Foreign Affairs Ministries intervened in this operation. They

studied it at great length, and there were no objections over sending these weapons to Caracas."

An article in the Peruvian press states that "intelligence agents detected a new sale of projectiles for different types of weapons and that a U.S. cargo company was hired to transport the weapons to Quito."

The source noted that two planes left Ezeiza International Airport [Argentina] for Venezuela, but were diverted to Ecuador.

The shipment comprised projectiles for mortars, 40-mm grenades, grenade launchers, mortars, flares, machine guns, and projectiles for rifles.

The source said "the deal was worth about \$15 million" and the planes belong to the U.S. company Fine Air.

Little Challenge From Political Opposition Seen

*95SM0213A Buenos Aires CLARIN in Spanish
19 Feb 95 pp 18-19*

[Commentary by Ricardo Kirschbaum]

[FBIS Translated Text] The political opposition is fading away. Unless this trend reverses, it could create a dangerous political vacuum. This development is worrying more than just the opposition leaders of every stripe, who are devoting their energies to problems outside the campaign and to internal party struggles and speculations, or are facing the consequences of political maneuvering.

For various reasons this situation has put a scare in members of the UCR [Radical Civic Union], the Front, and Aldo Rico himself, who is paying the electoral price for his alliance with the governor of Buenos Aires. Though it may seem paradoxical, this vacuum in the opposition reportedly worries the Menem administration as well because it has caused a sudden imbalance in the institutional system.

Whether this is a sincere institutional concern or speculation that has nothing to do with this administration's reelection whirlwind, the fact is that with the presidential election less than 90 days off, the coast is clear for Carlos Menem to be reelected.

Both the Radicals and the center-left Front are watching in amazement as, after a brief springtime, their electoral chances worsen by the day. The two opposition groups need to find some way to recover the ground they have lost.

If to this trend we add the additional backing that the administration received after the financial earthquake in Mexico, one could conclude that Menem is extending his lead by leaps and bounds.

The numbers speak for themselves. Horacio Massaccesi was chosen as the UCR presidential candidate in late November. During early December and until the Mexican crisis, there was a clear rise in the number of people who intended to vote for the UCR. Some polls indicated

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that it had reached 27.5 percent and still had a chance to break 30 percent, the fateful figure for the administration because of its fear of the second round of balloting.

Having reach this high point, Massaccesi went straight down. He was not just hurt by the panic that developed after the Mexican devaluation had its local impact. The provincial crisis also became bogged down, and he made mistakes that offset his initial boost. According to various polls, the percentage of people who intend to vote for him ranges from 15.8 to 17.1. These polls were conducted before the provincial crisis peaked and before the controversial appeal to Menem at Olivos for funds.

Massaccesi cannot run a campaign if his province is on a war footing. He is hostage to economic hardship, his administration's blunders, Domingo Cavallo's rigidity, and the lack of direction in his campaign.

To get started he needs to break these chains, even if he has to pay a high political price.

Never was the difference in style between the two political sectors as obvious as in this episode. Whereas the administration did everything it could to see to it that financial aid for Massaccesi resulted from a public request, including a meeting at Olivos, the UCR candidate had no explanation to give his own internal front for the step that he had decided to take almost by himself.

The administration was afraid that the Radicals would block a quorum in the Chamber of Deputies and that the social security superlaw could therefore not be passed. Congress' supposed sluggishness, which had prompted a very harsh exchange between the economy minister and Jorge Matzkin at the penultimate cabinet meeting, threatened to add another difficulty to the economic horizon.

Constrained by its judicial defeat (the judges declared unconstitutional the presidential decree on retirees), the administration needs to have the laws that Cavallo is pushing any way it can.

An administration summit meeting preceded the visit by the former head of the Radical bloc to the presidential residence at Olivos and was the scene of friction between Cavallo and Bauza. Also there were Carlos Corach, Carlos Ruckauf, and the Justicialist Party (PJ) candidate for governor of Rio Negro, Remo Constanzo. Around the same time a huge column of government workers was flooding into downtown Viedma.

A by now traditional debate in the Menem administration was repeated at the meeting, and if everything continues as expected, it will be repeated again when the current secretary general of the presidency is promoted to cabinet chief.

Cavallo's strategy for dealing with the pressure from the rest of the people at the meeting was not to grant any aid under such pressure. He began by scolding them, saying that they call for austerity in public but then want to give

aid under the table. The allusion was to the Bauza-Corach tandem, the political heart of the administration, who insist of keeping channels of negotiation open with the Radicals, particularly Raul Alfonsin.

The advocates of "limited" aid replied to Cavallo: the administration needs laws quickly and often requires the presence of the UCR in Congress in order to hold a session. So, it had to make sure that the UCR lawmakers would be there to make a quorum.

One of the people at the meeting sarcastically reminded the minister that he had given his political ally, Palito Ortega, 6.5 million for the sugar industry, but Cavallo was already fuming because he realized that the political maneuver to force him to help out Rio Negro had by this time been launched.

The minister was not just being stubborn. A mission of the International Monetary Fund had just passed through Buenos Aires in what was termed a "routine" visit after Cavallo had announced that Argentina no longer needed the IMF. It was a boast that wound up being a sign of weakness.

With the IMF sticking its nose into accounts that do not balance, the minister, who is looking for a \$1 billion loan from the World Bank and the IDB, is determined to keep the till shut no matter how much the politicians, for other reasons, need help from the central government.

This also had an effect on what came later.

He did not just sit back and do nothing when he learned that Cesar Jaroslavsky was preparing a secret visit to the president through the secretary general of the presidency.

The UCR had not taken a united stand. To be sure, the bloc in the Chamber of Deputies had already decided to show up to vote for the superlaw. In other words, they were not making their attendance contingent on aid to Massaccesi.

The candidate then pressured Raul Galvan the head of the UCR bloc, to break the quorum after the Wednesday session was fully under way. The UCR lawmakers then threatened to rebel, as they were unaware at the time that the head of the election campaign was on his way to Olivos to ask Menem for aid. Galvan himself then had to listen to one of his legislators blurt out right to his face: "Massaccesi thinks that the Congress can be handled like the Viedma Deliberative Council."

When Jaroslavsky got to Olivos, his secret visit became public. Someone had taken it upon himself to report the meeting and thus raise its political price for the Radicals and candidate Massaccesi.

The economy minister then tried to trip up the aid package another way. He decided to put the political squeeze on the 20 million that Massaccesi had requested, offering the portfolio of the provincial bank in exchange, and made a counteroffer of 2 million. And he also

accused Jaroslavsky of having wanted to blackmail him politically when he was still chief of his party's bloc of deputies.

Is Cavallo disobeying Menem's orders? Is he prepared to defy the entire political wing of the administration?

There is no clear-cut answer to these questions. There is, however, strong evidence of his indomitable fighting spirit.

- He made a major fuss after Raul Granillo Ocampo's remarks in Washington, when he described an imaginary scenario under the future administration in which he was included as at least foreign minister. The ambassador is confident in the wake of his visit to Buenos Aires, during which he had at least one lengthy meeting with Carlos Menem. He is convinced that by July he will be back in the administration. In his description of the new scenario, Granillo (naively?) said that Jose Estenssoro, the head of YPF [Government Oil Deposits], could replace Cavallo. The minister exploded: just when he is trying to preserve U.S. confidence in Argentina, the ambassador in Washington commits the faux pas of saying that he could be replaced.
- He had another, indirect clash with Bauza when he ordered his number two man, Ricardo Gutierrez, to ignore an order from the secretary general and not to accept the first spot on a PJ slate in Buenos Aires. The economy minister chose to give priority to his alliance with Gustavo Beliz rather than to allow one of his men to head the slate that has the complete support of the Casa Rosada. If Cavallo fought hard on these very tough fronts, the UCR got an even bigger jolt. Federico Storani told Alfonsin that Massaccesi's pilgrimage was little better than a mortal sin for the UCR.

The former president, a sly old political fox, feigned a lack of interest. The fact is that Alfonsin realizes that without federal aid the UCR candidate can pull out of the presidential race right now. He also realizes, however, that the exposure that Jaroslavsky's much publicized visit got was too much for the already touchy Radicals.

A careful analysis shows that in his communique Alfonsin does not condemn the visit; he "regrets it." In other words, he chose to get out of a jam without raising the decibel level of the internal squabble that the UCR is immersed in today.

As regards the Front, which is no longer marked by the cockiness that it had been displaying since April, the ticket of Chacho Alvarez and Jose Octavio Bordon has almost collapsed even before making its debut.

The administration (the president himself) sought to become indirectly involved in this internal feud. By stressing the Peronist roots of the two Front candidates and saying that the PJ's doors are open for their return,

Menem was intensifying the mistrust that large segments of Front activists have historically felt towards Peronism.

Oddly enough, during the heat of the internal struggle some heavy ammunition was unloaded against Bordon. He was accused of being a "center rightist" and a "goose" (an allusion to the Mendoza conservatives). The senator used these charges as an excuse, but they were surely not serious enough to trigger a split.

The centrifugal nature of the Broad Front's power is actually the almost sole cause of its crisis.

Chacho Alvarez clearly had a strategy when he embarked upon his quest for the presidential nomination. It was based on building what he called an "electoral majority," in other words, a policy of inclusion that placed less emphasis on ideological issues, was less sectarian, and made room for sectors that opposed Menem. "My challenge," he said, "is to attract sectors of Peronism and the UCR; this is the only way to build an electoral majority."

But his plans, and his errors, clashed with the heterogeneous makeup of the Broad Front, which is obviously determined to be a minority party and has problems with its billing on political marquee.

Bordon, for his part, worked to build his own platform. The senator, who has more experience in government, has always thought that the Front is just one step on the ladder to the Casa Rosada. As a strategy, this is legitimate, but it has its problems because later in his career he will need to build new alliances, this time with sectors that will vie to succeed Menem in 1999.

Chacho Alvarez managed to put together an interesting alliance and to elicit support from an anesthetized society. His tactical restraint in reacting to the economic stability program lost him supporters on the left, who are more comfortable with ideological criticism than political practice, and he did not win over major segments of the two majority parties.

The senator from Mendoza, polls in hand, realized that he could lose the internal battle with Alvarez within the Front (he prefers to call it a "space" because he does not want partisan rigidity when the time comes to move the policy of alliances forward). He also realized, though, that his support beyond Front activists is broader than the Buenos Aires deputy's. So, he threatened to leave the ticket, arguing that one of the keys to broadening the Front's electoral base is to make a gesture of inclusion to other social and political sectors.

Storani's defeat in the presidential primaries left both of them without the UCR leg of the table, which they were after in an effort to build a solid pole of opposition to Menem.

The rejection of his proposal proved that as far as political structures are concerned, the Bordon faction is in the minority. This is why he needs such gestures to put

himself in the limelight a week before the ticket is chosen. Will this prove to be the last of Bordon's "dramatic" gestures?

Commentary Draws Parallels Between Mexico, Argentina

95SM0210A Buenos Aires (Internet) Argentina Gopher in Spanish 13 Feb 95

[Commentary by Roberto H. Cachanosky: "The Dangers of Short-term Thinking"; from EL CRONISTA COMERCIAL News Summary 13 Feb 95]

[FBIS Translated Text] It has often been said and written that Argentina is not Mexico, and it has also been stressed often enough that besides saying this, we need to do specific things to not be like Mexico. In this regard, the policy of government borrowing in recent months has taken a worrisome turn because, like Mexico, our borrowing is concentrated in the short term. Beforehand, though, let us review what Mexico's exchange and borrowing policies were like. After several unsuccessful attempts to improve the real exchange rate through devaluations, in late 1987 the Economic Solidarity Pact was established, ushering in, among other things, a fixed exchange rate system that lasted until late 1988. The fixed exchange rate was abandoned in 1989, and a crawling peg was established with pre-announced devaluations. Along with this policy of devaluations the government began financing increased public spending with very short-term borrowing. This led to a strongly positive interest rate in dollars, which was taken advantage of by the fair-weather capital that ultimately fled en masse this past 20 December. In short, what the Mexican Government did was to finance public spending with very short-term, highly volatile capital. Moreover, to offset the expansion of the money supply that this inflow of capital caused, the Mexican Government soaked up liquidity by floating more short-term debt, which led to higher public spending owing to the strongly positive interest rates that the government had to pay to roll over the additional debt contracted to finance more spending. Ultimately, the combination of a semifixed exchange rate (or pre-announced devaluations) and increasing government borrowing became a highly explosive cocktail. Furthermore, what Mexico did is not that much different from what was being done in the Argentine economy until the Bonex plan was implemented. The reader will recall the bond festival and the famous "quasi-fiscal spending" arising from the unavailable deposits that the BCRA [Central Bank of the Argentine Republic] established in the financial system, which was nothing more than the financing of public spending with short-term debt. Thus, in late 1989 investors tired of posting healthy dollar profits on paper and when they went to take them, the exchange market exploded and the government found that it could not meet its short-term debt payments. The mistake back then was to think that people were willing to finance the government indefinitely and that, in spite of the steady deterioration

of the fiscal situation, the State was keeping the amount of available credit unchanged. Now then, getting back to the present, what the Argentine Government has been doing is to finance public spending increasingly with short-term debt. For example, it is about to float \$1.7 billion in short-term bills. In addition, the \$1 billion safety net for the financial system, which is nothing more than off-budget government outlays, was financed with higher reserve requirements in the financial system. And what is a higher reserve requirement? Nothing but a short-term debt that the BCRA contracts with the financial system. It is short term because the average deposits in the financial system are very short term, and since the reserve requirement represents a percentage of such short-term deposits, the logical conclusion is that the government has financed this safety net with very short-term debt. Finally, last Thursday the Treasury took out \$320 million in short-term debt (90 to 180 days) to cover the shortfall in the social-security system. In summary, in a very brief time frame the government has contracted \$3 billion in short-term debt to finance public spending. If you observe the graph that accompanies this commentary [not included], which shows the trend in the real exchange rate, you can see the similarity between the two curves as of 1990. The upshot for the Argentine economy will be different from Mexico's only if we do not continue with this scheme of more and more short-term borrowing and only if public sector spending is put on a sound footing. Otherwise, if we persist in financing spending with short-term debt, why should we end up any differently than Mexico did?

Provincial Restructuring Viewed

95SM0227B Buenos Aires (Internet) Argentina Gopher in Spanish 2 Mar 95

[Article by Carlos Abalo: "A New Constraint on the Provinces"; from EL CRONISTA COMERCIAL News Summary 2 Mar 95]

[FBIS Translated Text] The measures handed down by the administration in response to the financial crisis mark the start of a new stage in the retrenchment program. Henceforth the decisions that were under discussion and could not find sufficient political backing are going to move forward. Moreover, the national economy and the provincial economies will have to hasten their restructuring, the hope being that this will bolster convertibility.

Before the international financial crisis erupted and started depressing the world's stock markets and hitting Latin America particularly hard after the Mexican devaluation, analysts were wagering that Argentina's decision not to touch the parity of the dollar would entail a fiscal and financial squaring of accounts that could be fully undertaken only after the presidential election in May. The financial crisis made the pause more dramatic, but the rapid pace of events has forced the administration to clarify its future economic policy before the election

through the announcements by Minister Domingo Cavallo and the speech that President Menem delivered when he opened the regular session of Congress for the first time on 1 March, as the new constitution provides. The program to cut spending and to boost revenues by extending the base of the VAT and the tax on profits and personal assets, plus the tax and social-security moratorium for debts and new privatizations, came in response to current market pressures but also represented a decision on pending matters that had not struck a sufficiently responsive political chord. The announcement that the economic strategy will be to reaffirm the plan also emerges as a program for the next presidential term, which is being set in motion immediately and is extended in the 1995-99 Five-Year Plan. Thus, contrary to what was believed and given the urgency dictated by the markets, the announcements in fact became the election platform of the Justicialist Party, which this time is running against the backdrop of a difficult situation and a retrenchment policy. This policy is designed to do more than just fill budgetary gaps, because the tax breaks are complemented with an investment strategy. In other words, the purpose of the retrenchment is not just to balance the budget but also to spur the realignment of the economy. One of the most significant manifestations of the retrenchment is the policy towards the provinces. Until two days ago the fiscal, financial, and economic overhaul of the provinces was being postponed owing to its political and social impact. Cavallo had always stressed that sound fiscal policy ought to be a tool for growth and a way out for the provincial economies. Aid from the national government will arrive in the provinces only if they agree to be part of the nationwide retrenchment. To this end, besides complying with the Fiscal Pact and controlling excessive spending, they must privatize, starting with the provincial banks. One might think that a policy of investing in the provinces would require a state-run bank to finance them. Under the required privatization of provincial banks, their purpose will no longer be to finance deficits or political patronage, but rather investment. In order to expand loans for production, the provincial governments will make use of privately run provincial banks and will thus have to run budget surpluses and on that basis pursue their policies of direct investment and subsidize the interest rates of provincial banks to promote such investment, as long as they generate funds to do so.

Bolivia

Minister Criticizes 'Uniformity' of U.S. Drug Assessment

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[FBIS Translated Text] Presidential Minister Guillermo Justiniano believes that the power of the United States and the dependency of the Latin American countries plays an important role in the give-and-take antinarcotics battle.

Minister Justiniano labeled as symptomatic the uniformity of the U.S. position, which uses the same criteria to assess the economically weaker countries of the region, including Bolivia.

[Begin Justiniano recording] I don't believe humiliation is the right word. We must be very clear in admitting a painful truth, and I would say dependency is that word. There is a dependency that emerges from that power, a power like the United States, which has a determining influence on decisions not only at the bilateral level but also at the multilateral level due to the right to veto that country has in several international organizations. And this influence and dependency has had repercussions in poor countries such as Bolivia. I believe this power is being used in this case to induce countries to act differently than they have in the past, putting greater emphasis on certain issues that could be differentiated in accordance with each country. [end recording]

Justiniano believes this uniformity will lead to a growing and stricter evaluation of the countries that produce and sell drugs. He said that the U.S. attitude of threatening to take away its aid and to block our requests before international organizations should lead us to search for our own policy to fight drug trafficking, in accordance with our national situation.

MIR Renovates Image; Redefines Goals

95SM0205A La Paz HOY in Spanish 30 Jan 95 pp 3,4

[Article by Andres Gomez and Vela Gareca: "The MIR Looks at Itself in the Mirror of Its History"]

[FBIS Translated Text] *After almost a year of timid political activity, the MIR seems to have renovated its political line and is prepared to conduct an effective opposition role.*

The Movement of the Revolutionary Left (MIR), that governed Bolivia in an alliance with Nationalist Democratic Action (ADN) from 1989 to 1993, regained some of its spirit and dreams in its latest congress, but it still did not manage to emerge from its shady immediate past, overshadowed by the tangled scandal of the narcotics connections.

With the election of the new National Executive Committee (CEN), the MIR made an effort to overcome the crisis in which it found itself submerged following the bombshell that shocked not only the party of Jaime Paz Zamora, but the entire political system. Its principal result was the arrest of one of the most important political leaders of modern Bolivia, Oscar Eid, who since yesterday has become, because of one of those paradoxes of "politics," a prisoner whose name enjoys complete freedom.

"We have finally left behind the old philosophy, of the old system of being a clandestine party, that we had not overcome despite so many years of democracy," said

Leopoldo Lopez, MIR senator and leader, shortly after the MIR's new CEN was installed.

The New Members of the CEN

Carlos Saavedra Bruno, Tonchy Marinkovic, Carlos Borth, Gonzalo Valda, and Jose Luis Carvajal constitute the National Executive Committee that will assist former President Jaime Paz Zamora in his effort to redeem the MIR, which has lost much standing in political and popular opinion.

"The MIR has shown its enormous vitality, it has demonstrated that it is a very important part of the national political scenery. Therefore, its future lies increasingly in contributing to democracy and to the social development of our country," said Gaston Encinas, MIR senator and leader, and one of the leaders who is considered a cardinal, but who has chosen not to compete in these intraparty contests.

The Movement of the Revolutionary Left, which appeared on the political scene in 1971 to oppose the dictatorship of Hugo Banzer Suarez, again evoked its glories and its heroes and once again spoke of democracy. But it believes itself to be a victim of democracy because of the consequences of the case of the so-called "narcotics connections."

The MIR Tries To Fly

"This national event has stood out because it has brought back confidence and optimism to the membership, and it has also permitted comrade Jaime Paz Zamora to assume again the command of the party, restore confidence to the membership, and now we are truly standing up and ready to move forward," said MIR deputy and new CEN member Carlos Borth.

With the challenge of leaping from party to political instrument, the MIR yesterday recaptured its dream of fighting for national liberation, for a democracy with a broad social base, and social justice, and completely forgot about its four-year long attachment to a neoliberal model. It definitively set out to look for its lost soul in the documents of its glorious and dark past.

"I would say that the MIR has taken a first step, but it is only that, a first step. I believe that from now on immense hopes are being born in the MIR family, but also, and without arrogance, hope is being born for the entire Bolivian people," said Carlos Saavedra Bruno, former minister of interior and new member of his party's CEN.

MIR Prediction

Beyond being a party frustrated in its attempt to change the structure of the Bolivian state, the MIR, symbolized by a fighting cock, seems to be projecting itself this time (with clear signs of suicidal tendencies) into a democratic scenario different from what its founders had dreamed of when they entered political life.

"What we can predict is that the MIR will emerge vigorously from this national congress, because Jaime Paz Zamora is reassuming the leadership of the MIR, because Oscar Eid is remaining in the MIR as deputy secretary general, because an Executive Committee of the MIR has been formed. This is very important to us, and most important is that the MIR has been drawn together," said MIR deputy and leader Hugo Carvajal.

The latest congress of the Movement of the Revolutionary Left, whose members are among the principal protagonists of the reestablishment of democracy, reflects a party that wants to see its face in the mirror (broken) of its political history.

"The MIR's objective is to create a program that will finally win over the Bolivian people, to the extent that we have the capability to respond to each of the Bolivian people's needs. We have far to go and much to do, the future of the MIR is to win over each Bolivian," summed up Carlos Saavedra Bruno.

[Box, p 3]

MIR: Eid Is not Just a Symbol

The MIR national congress, which concluded last Friday, achieved the liberation of the name of Oscar Eid, imprisoned in San Pedro jail because of the narcotics connection case, by appointing him deputy secretary general of the new National Executive Committee. The CEN was formed under the leadership of former President Jaime Paz Zamora, who returned to political life after almost a year of silence.

"We consider Eid to be a political prisoner, because it is an abuse of power by the MNR [Nationalist Revolutionary Movement] to have jailed him, and we can scarcely abandon him as a prisoner. We will keep him on as a leader because we trust and presume he is innocent, in that sense we are giving the country a demonstration of loyalty," said MIR deputy and leader Hugo Carvajal.

In the opinion of MIR Senator Leopoldo Lopez, the MIR congress succeeded in blocking the effort to make Eid Franco "just a symbol" and to marginalize him as only an "active and decisive political factor in the party."

"Oscar Eid is a political treasure, he is an extremely gifted person who has very special capabilities for the administration of political activity that should not be wasted. In addition, if he ceases to be a political leader he loses the quality of political prisoner. The only rights he has, he possesses as a leader of the MIR," Lopez said.

"This is going to be traumatic," Lopez went on, "but Oscar Eid's absence in day-to-day affairs will not be a problem, and he will be present in the decisions of the MIR."

Eid Acclaimed

According to MIR leader and Senator Gaston Encinas, the decision to elect Eid Franco, who until Friday was chief of the MIR, was taken by the national congress.

"The matter was proposed and decided by acclamation," said Encinas, without further comment.

Oscar Is Painful

In the view of MIR deputy and leader Carlos Borth, the arrest of one of its founders is painful for the party, which proposes to defend him within the law until he is proven innocent of charges that he concealed evidence of drug trafficking.

Borth admitted that it was awkward to have Oscar Eid in prison and in the MIR's CEN; "it is painful, it is unfortunate, the new National Executive Committee received a mandate: to defend comrade Oscar Eid, and all leaders and members who may go on trial, within the framework of law and justice," concluded Borth.

[Box, p 4]

The formation of the MIR's leadership organs should be completed.

The Political Committee should be formed immediately because it is the operative arm of the CEN.

Once the MIR's National Executive Committee was elected, what was needed was to create immediately the National Political Committee. It should be made up of 41 regional, sectoral, and congressional members, said deputy Sergio Medinacelli on 29 January.

The deputy asked for election on an urgent basis of the members who will constitute the new body, because it is the operative arm of the CEN, elected last week.

The MIR's CEN consists of Carlos Saavedra, of Santa Cruz; Tonchy Marinkovic, of Cochabamba; Carlos Borth, of Oruro; Gonzalo Valda, of Potosi; and Jose Luis Carvajal, of Chuquisaca.

Medinacelli was critical of the fact that the national congress had not fully completed its work. In a sense, the national congress "took the easy way out," because it did not elect the other leadership body, needed by the MIR.

Participation of the "Loser" Regions

The deputy called for the completion of the collective leadership structure, because "if we take into account that only five regions were represented in the election, four were losers."

Taking into consideration that there were candidates from nine regions, it is necessary that the four that lost have representation and a voice inside the MIR's leadership, Medinacelli maintained.

If these regions had not presented candidates, it could be assumed that they considered themselves represented by one of the five winning candidates, but this was not the case. Tarija, Beni, Pando, and La Paz lost, and they must be represented, Medinacelli said.

The Political Committee Must Adapt Itself To Change

The CEN and the Political Committee together will constitute the MIR's leadership, and they must operate organically, otherwise the five elected representatives in the CEN will have to take charge of everything, said Medinacelli.

Medinacelli maintained that the Political Committee should have been elected during the national congress, after consultations with the delegates who were in attendance, so that the committee would have regional and sectoral representation. This would have introduced pluralism into the leadership organs.

The deputy said that the Political Committee must adapt itself to change in the country, and should include territorial, sectoral, and congressional representatives in its structure.

In addition, it should be kept in mind that traditional sectors, such as the workers, no longer have any influence, compared with the Territorial Grassroots Organizations [OTB's], municipalities, coca growers, and teachers, who are the new social groups that have acquired importance.

Presidency Minister on Political Career

95SM0203A La Paz HOY in Spanish 29 Jan 95 pp 8-9

[Interview with Presidency Minister Guillermo Justiniano by Jannett Oporto; place and date not given: "Guillermo Justiniano Owns Up: I Am Half Anarchist"]

[FBIS Translated Text] Although not a member of the Nationalist Revolutionary Movement (MNR), Guillermo Justiniano governed with ex-President Victor Paz Estenssoro and now is part of President Gonzalo Sanchez de Lozada's government. He is minister of the presidency and, until the third cabinet reshuffle, he headed the Ministry of Sustainable Development and Environment.

In an interview with HOY, Justiniano denied that his relations with the "old movement members" are bad, although he admitted that jealousy is never absent. He does not feel badly about not being on the membership list of the Nationalist Revolutionary Movement, and he explained that he did not join because he is something of an anarchist and believes that by belonging to a movement he would lose something of his identity.

He admits that, when he took the oath of office as minister of the presidency, he was trembling, in shock, and pallid because of the responsibilities, but he says that now he feels more at ease.

Furthermore, he denies that he is the "pampered child" of President Gonzalo Sanchez de Lozada.

[Oporto] What is your political background, what made you enter the difficult and misunderstood world of

politics? When did you discover that you were a politician, or who discovered you?

[Justiniano] When I was a small child, my mother used to say that I had some of the traits of a politician, because I was always interested in subjects relating to the country or to integration, almost since I began to read.

Actually, the first time I began to be politically active at a high level was, "suddenly," in the government of Dr. Victor Paz Estenssoro, when he asked me to be minister of peasant and agricultural affairs.

Before that, I had been president of many things, I was always involved in matters relating to social problems or general subjects. I was president of the College of Economists, vice president of the Committee Pro-Santa Cruz, and held a number of positions that show a predisposition, I would say more than anything else, a vocation for service.

To fill that position (minister for peasant affairs), I left an international organization in which I held the rank of ambassador and had an excellent salary. It was probably the first indication that I wanted to take part in the life of the nation.

It was very difficult for me and for my family, but I never regretted that decision because I learned a great deal with President Victor Paz Estenssoro.

Subsequently, and during that government's administration, I had a close relationship with the current president, Gonzalo Sanchez de Lozada. During almost the entire period of the preceding government, especially toward the end, I took part in conceiving and formulating the "Plan for All" ["Plan de Todos"] and in several reforms that are now in place.

That I became one of Gonzalo Sanchez de Lozada's ministers was not anything strange or unexpected for me, because it was something that was bound to happen. However, I have to admit that the change from minister of sustainable development and environment, which is a ministry of a technical rather than political nature, was a second shock, because this one (the presidency) is primarily political.

[Oporto] You have never been a member of the MNR, enrolled in the party, but your career seems to show that it is not necessary. You are more than an MNR member....

[Justiniano] Since my early days as an economist in Santa Cruz, I often attended meetings, discussions, lectures, invited by people from the MNR. I never joined, probably, because I am a person who in a sense is half anarchist. I sometimes believe that affiliation implies a certain loss of a degree of freedom. But I have obviously been very identified with MNR activities from the time I served in Dr. Paz Estenssoro's government until now. But I have not taken that formal step, if you want to call

it that. However, no one can question the fact that I am basically committed to the MNR's program.

[Oporto] Does it not bother you that, although you are not a member of the MNR, you have governed for some time and still govern with that party, causing a kind of jealousy among some of the members?

[Justiniano] There is always going to be some jealousy when someone rises very high. I am in a key ministry, which is the Ministry of the Presidency, and this can obviously create some antagonistic views. However, my impression could be mistaken, but since I was appointed I have received many demonstrations of support and esteem from various quarters. If there is some jealousy, it is probably isolated, but I do not believe that there has been a massive outpouring on the subject.

[Oporto] Do you consider yourself more a technocrat or politician?

[Justiniano] At this point, I would be a liar if I said that I believed I was a technocrat, there is rather a balance between the political and the technical, because my experience and training in the public and private sectors, and at the international level, provide me with a combination of both aspects.

[Oporto] Does the Ministry of the Presidency suit you? Are you lacking anything? Do you have more than you need?

[Justiniano] The Ministry of the Presidency is a position of great responsibility for coordinating not only with the legislature but also with the executive. This requires that the ministry have a team that looks to the future, that projects itself into various areas, because it requires activities of greater commitment and a broader range of responsibilities.

I have to have a small team but with better quality people, not to take care of everyday bureaucratic chores, but the essential work of the government.

[Oporto] In a political and personal sense, how has Guillermo Justiniano changed, from the Paz Estenssoro administration to the present?

[Justiniano] The first basic qualitative change that I underwent on leaving Dr. Paz' government was that I felt myself to be a complete Bolivian. Before, I had been essentially a regional Bolivian, a native of Santa Cruz well aware of the regional situation, but during the Paz Estenssoro period, I began to learn about the country. I did not know it, I knew only the important cities.

From that time on, what has probably changed is that I feel calmer, more confident, with fewer uncertainties than I had then, because when I completed my service with Dr. Paz, I said something that one should never say in politics: "I will never again be a minister." Not because I was disappointed, on the contrary. I was very enriched by the experience. I was thinking of my family's happiness, and that it would be better not to repeat the

experience. But with the passage of time, and my commitment to working with Gonzalo Sanchez de Lozada, I decided to return to government. That is where I learned the lesson, in politics it is hard to say that this is my definitive position, because circumstances exert pressure, and one is no longer the master of his destiny. One must respond to new situations.

[Oporto] What have you learned from Goni?

[Justiniano] I have learned things from the president that are fundamental: a profound love and commitment to Bolivia, without limit. In my view he has used a good part of his fortune and dedicated a great amount of time to the presidency, his responsibilities, and to unceasing creativity.

The president has a generator in his brain that produces ideas that constantly motivate a person to keep seeking new things.

I would say that this government will go down in history if only because of Popular Participation.

[Oporto] What about Dr. Victor Paz Estenssoro?

[Justiniano] I learned something that is essential in public administration, which is that all decisions should be fully thought through, carefully considered, and that decisions taken have repercussions backward and forward that affect political and economic interests. I learned to maintain a profound sense of balance and of reasoned decision on everything.

I believe that, in addition to his personal and revolutionary merits, Dr. Paz Estenssoro is the best public administrator I have ever known. I have never seen anyone so organized, so meticulous, so precise, with the ability to foresee events and to stay ahead of them.

I remember once in a conversation with him, he said, "Chacho, you are just beginning to live, you have to help the country now. You might be very well thought of abroad, but the country needs you now. I should be playing with my grandchildren but, nevertheless, the country needs me now. I took part in the revolution of 1952, and now I have to make another revolution, because times have changed."

Men of that stature leave a permanent mark.

[Oporto] No more flowers. Is there anything you do not like about either man?

[Justiniano] It is not a matter of whether or not I like something about them, but that each has his own traits.

[Oporto] Do you have good relationships with MNR leaders like Guillermo Bedregal, Eudoro Galindo, Edil Sandoval Moron and others considered to be the "old guard"?

[Justiniano] My relations with MNR leaders are cordial, I would be lying if I said that I had a problem with them.

Juan Carlos Duran and I are old friends, we are neighbors in Santa Cruz, our properties are adjoining. With regard to Guillermo Bedregal, I hold him in deep respect. He is an intellectual person, and we became good friends when together we defended the Bolivian position at the meeting of the Vienna Convention in 1988, which was probably one of Bolivia's greatest diplomatic successes in recent years.

Bedregal was president of the World Conference and I was president of the Bolivian delegation. On that occasion he gave me a book, "Don Quixote," that I have in my library. We have a good relationship.

With the rest of the "old guard," not to mention names, I would say that our relationship has always been very cordial.

[Oporto] You are said to be President Gonzalo Sanchez de Lozada's "pampered child." Does that relationship make you confident about doing your work and projecting yourself as a future candidate for president, although not an MNR member?

[Justiniano] My God, what a question.... I have no such aspiration. My relationship with the president is one of deep personal friendship, our chemistry is good, as some say. I am certainly not his "pampered child." I have a different, very phlegmatic character. I am an unusual Santa Cruz native. The president once told me that I seemed to be more English than from Santa Cruz, although I am from an old Santa Cruz family. In that sense there is good chemistry. The relationship is not just president-minister, but also one of friendship.

[Oporto] And the famous future candidacies?

[Justiniano] I would say that whenever someone rises very high, I mean in the legislature or the executive, people begin to see ambition at work, and when the position is close to the president, well...speculation begins, but it is only that, speculation.

I would be lying if I said that I have that kind of personal plan in mind, because I do not.

If I did, I probably would have made different decisions that point that way, but I never have, and in any case I believe that this is not a time for speculation but for work. That basically is the challenge, 1995 and 1996 are years of work, whether or not anyone has aspirations for 1997.

But I repeat that I do not consider myself a "pampered child."

[Oporto] What do you lack in order to reach the peak of your political career?

[Justiniano] I believe I do not lack anything. Speaking philosophically, if you wish, what I have always tried to do is to live in accordance with my system of values. For me, this is what is essential in life and is the secret of living well.

I am absolutely convinced that anyone who does not take care of his family will not be able to accomplish anything for the country or for society.

Perhaps I have come far in politics at a young age, but it does not at all make me feel arrogant.... I have had senior international positions, and been minister twice. I am not going to believe that my ambition would be complete with another position.

[Oporto] How do you feel as minister of the presidency?

[Justiniano] I feel increasingly at ease, more confident. I cannot deny that at the beginning there was a period of adaptation, of insecurity, of uncertainty, because after all it was a very important qualitative change. But with each day that passes, I feel more at peace.

[Oporto] For a minister, is it difficult to have your office inside the Palace of Government?

[Justiniano] Completely different, because a minister in his ministry can determine its speed. He can go slow, speed up, and decide for instance that in this ministry the speed limit will be 140 kilometers per hour. But, being with the president, the agenda and the timing are determined by the president, or jointly, and that is an essential difference.

[Oporto] Did you ever dream that you would be working alongside a president?

[Justiniano] Truthfully, no. That is why when I took the oath as minister of the presidency, I was trembling, pale, and very apprehensive about the new responsibilities, but with each passing day I feel more at ease.

Brazil

More on Public Administration Measures Adopted
PY0603225895 Sao Paulo AGENCIA ESTADO
in Portuguese 1914 GMT 6 Mar 95

[FBIS Translated Text] Brasilia, 6 Mar (AE)—The document released by the government a short while ago in Planalto Palace includes four points or measures related to public administration that have already been or will be adopted. They are as follows:

1. The suspension—already enforced—for 90 days of public contest calls in all the direct federal administration and independent government institutions and foundations, as well as of appointments to permanent posts, except in extraordinary cases with the express authorization of the president of the Republic.
2. Suspension of the readmission of public companies' employees and workers who were dismissed during the Collor administration and who were rehired in 1994, with the purpose of reevaluating their cases.
3. Modification of the benefit-granting rules foreseen in the single legal system law [lei de regime juridico unico], especially the one-fifth allowance [quintos] incorporated

into public employees' salaries. Besides this, the rule that allowed an employee to retire with a pension equivalent to his last salary has been suspended.

4. Revision of the calculation norms of the fluctuating bonuses granted for productivity and supervision for career employees of the public administration. The result of this measure is the elimination of the so-called "cascade effect" that would take place with the increase of the ceiling established by the salaries of the ministers.

'Summary' of Government Economic 'Adjustment Measures'

PY0603195695 Sao Paulo AGENCIA ESTADO
in Portuguese 1857 GMT 6 Mar 95

[FBIS Translated Text] Brasilia—The following is a summary of the adjustment measures announced a short while ago in Planalto Palace by Ministers Pedro Malan, of Finance, and Jose Serra, of Planning:

- All the bid contracts [contratos de licitacao] of the direct administration and independent institutes will be reviewed. This is a supplementary measure to eliminate the public deficit. The revision will seek lower prices than those that have been stipulated. The president of the Republic will hold a meeting with the presidents of the main public companies this week to discuss this subject.
- The pay day of the federal employees will be moved gradually to the second and fifth working day of each month.
- The federal budget will be restructured to save 9.5 billion reais, avoiding debts that surpass what has been foreseen.
- The calculation base of the INSS [National Social Security Institute] and FGTS [Severance Pay Fund] will be unified so as to increase tax collection.
- The Planning and Mines and Energy Ministries, as well as the BNDES [National Bank for Economic and Social Development], will begin to carry out studies to privatize the Vale do Rio Doce mining company.
- The arrival of foreign capital will be facilitated so as to privatize state banks through the interpretation of the circumstances of Article No. 52, paragraph on temporary constitutional dispositions.
- The Brazilian Government will take the initiative to renegotiate foreign loans to accelerate the privatizations.
- Pension funds, except for real estate funds, are prohibited from granting personal loans.
- Fixed capital will be devalued in a speedy process so as to promote investments.
- The BNDES will authorize the loan-granting agents of the Finame [Fund for Financing Machinery and

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Equipment] to extend the terms of the contracts referring to rural operations for the purchase of agricultural machinery and equipment.

- The Central Bank will authorize the banking system to attract resources abroad for the short term (eight months) for their application in the marketing of farming products.

'Main Points' of Package Noted

PY0703041295 Sao Paulo AGENCIA ESTADO
in Portuguese 2057 GMT 6 Mar 95

[FBIS Translated Excerpt] Brasilia, 6 Mar (AE)—The following are the main points of the economic package announced by the government on 6 March: [passage omitted]

Fiscal Policy

—To reduce the link between revenues and expenses that currently does not allow financial programming so as to ensure compliance with goals compatible with the coordination of the fiscal and monetary policies. [passage omitted]

- To extend until 30 June 1995 the suspension of contracts for new credit operations by the federal public sector except for those meant to roll over the debt principal and for the granting of National Treasury guarantees.

Public Companies

- To revise the public companies' statutes and adjust them so as to strengthen their administration councils.
- To establish rules to increase the revenues of the National Treasury. Despite owning a considerable patrimony, the National Treasury received 79 million reais in 1993 and scarcely 113 million reais in 1994.
- To revise the tax exemptions granted to public companies. The reduction of fiscal losses will also include public institutions, mainly those with a minority private participation, like mixed economy societies.
- To reduce the import tax on draw back [preceding two words in English] operations by Petrobras [Brazilian Petroleum Corporation]. The collection of these resources will go to the National Treasury and they will be passed on to the Highway Reconstruction Program.
- To set 31 December as a deadline to recover the credits classified as doubtful in the 31 December 1994 accounting balances of the federal financial institutions.

Privatization

- To provide for the collection of the federal government's share from the FND [National Development Fund] worth 400 million reais stemming from the sale of minority participations.

- To have the Federal Government control its companies through a participation corresponding to 50 percent plus one share with voting right and not more than 51 percent.

- To have the BNDES [National Bank for Economic and Social Development], which is the organization that administers the privatization program, carry out a study on the privatization model for the Vale do Rio Doce Company. [passage omitted]

Finance Minister Views Adjustments

PY0703005195 Rio de Janeiro Rede Globo Television
in Portuguese 2300 GMT 6 Mar 95

[FBIS Translated Excerpt] The Central Bank has created a new mechanism to intervene in the real exchange rate compared to the dollar exchange rate—that is, the exchange band. [passage omitted]

Over the last two months, Brazil has imported more than it has exported. Exchange reserves are a sort of savings pass book that Brazil has in gold and dollars. [passage omitted]

To pay for the last few months' imports, Brazil has had to resort to its savings pass book. Some investors have also withdrawn money from Brazil because they were frightened of the Mexican crisis. This has resulted in a loss of \$3.5 billion in Brazilian reserves over the past few months. This is why the government has modified the exchange policy. [passage omitted]

[Begin Finance Minister Pedro Malan recording] Brazil is not a passive victim of external events that are entirely out of its control. The government is not an entirely paralyzed organization that is absolutely incapable of some reaction. Brazil is not unable to adopt measures to prevent certain prospects that are sometimes excessively alarmist. It is this capacity to respond and react that must be taken into account. The government has always had this capacity and I am sure that, as [Planning] Minister [Jose] Serra has said, we will continue to have it. [end recording]

Commentator Views Reasons for Adjustment

PY0703011095 Rio de Janeiro Rede Globo Television
in Portuguese 2300 GMT 6 Mar 95

[Commentary by Alexandre Garcia]

[FBIS Translated Text] The government calls the steps it has taken anticipated preventive measures. The government believes if these measures are not adopted now—when inflation stands at 1 percent and the country is growing—problems may appear later. In other words, the situation is similar to that of a car speeding along a straight highway when, nearing a curve, the driver looks down the cliff and sees a car called Mexico. The driver sees—parked beside the highway—a broken down car called Argentina. Cautiously, he reduces speed to prevent his car from going out of control. The driver knows

he must save fuel if he is to reach his destination. He also knows a fault in his car's engine, called the public deficit, has not been corrected. The driver knows he must create some reserves, or resources, to invest in public services he owes the people. The driver—or government—cannot forget that he—or it—is driving a large bus full of people who no longer want to suffer the effects of crazy races in which the car breaks down before arriving. [end recording]

Planning Minister Views Measures Related to Economy

PY0603233095 Sao Paulo AGENCIA ESTADO
in Portuguese 1910 GMT 6 Mar 95

[FBIS Translated Text] Brasilia, 6 Mar (AE)—Planning Minister Jose Serra said that the document released a short while ago in Planalto Palace could be entitled: "Clarifications Regarding Government Actions or Measures Against Inertia." The measures include hastening the privatization of public services rendered by the three levels of government [federal, state, and municipal] municipalities within the context of the law on public service franchises and of Provisional Measure No. 890.

Serra said that electricity and highway and railway transportation are priority issues before the conclusion of the constitutional amendment process. He said that the Federal Government will encourage the states to promote the so-called franchises not only through the establishment of regulations, but also through the creation of appropriate economic and financial conditions. The most important of those measures was the decision to order the BNDES [National Bank for Economic and Social Development] to promote studies about a privatization model for the Vale do Rio Doce mining company.

Government Measures Seek To Privatize State Banks

PY0603202295 Sao Paulo AGENCIA ESTADO
in Portuguese 1902 GMT 6 Mar 95

[FBIS Translated Text] Brasilia, 6 Mar (AE)—The following are additional measures that have just been released by Planalto Palace:

1. The adoption of measures stating that, based on the single paragraph of article 52 of the constitutional chapter on temporary provisions, it is in the best interests of the Brazilian Government that foreign financial institutions be able to establish themselves in the country through the acquisition and control of federal-owned or state-owned banks included in the privatization program. Planning Minister Jose Serra said that the measure is designed to promote the privatization of those banks at the best possible price.

2. That it be possible, through negotiations, to obtain loans from international financing institutions to support the privatization of banks owned by state governments. Finance Minister Pedro Malan said that Minas

Gerais Governor Eduardo Azeredo and Ceara Governor Tasso Jereissati are interested in privatizing banks owned by their states. This will make the sale operation more attractive.

3. Provision for changes in the rules laid down by the federal government for a stockholder to assume control of state-owned companies by allowing this control to be exercised by shareholders holding 50 percent plus one share and not 51 percent as used to be required under the specific laws that created some state-owned companies. The sales of federal government minority stocks in some companies have been a major step toward raising proceeds for paying back the public debt.

Privatization Goals Outlined

PY0603204795 Sao Paulo AGENCIA ESTADO
in Portuguese 1906 GMT 6 Mar 95

[FBIS Translated Text] Brasilia, 6 Mar (AE)—The document just released by Planalto Palace contains a chapter devoted to privatization and to constitutional reforms. Herewith the text: "Regarding medium- and long-term measures that would, however, have an impact in the short term with regard to the expectations of economic agents, the government is trying: a) to expand and to accelerate the privatization process; and b) to reform the Constitution in those aspects dealing with the fiscal area, economic order, and social security. These measures pursue five objectives: a) to fight the structural and fiscal deficit stemming from the text of the Constitution, b) to improve the government's managing capability, c) to reduce the public debt as a result of the sale of state-owned companies, d) to increase private investments in infrastructural facilities for producing basic supplies, and e) to improve the average economic productivity rate." Immediately after these points, the document outlines actions that have already been taken, such as the Law on Franchising, that will facilitate privatizations.

Highlights of Fiscal Policy Proposed by Government

PY0603211495 Sao Paulo AGENCIA ESTADO
in Portuguese 1853 GMT 6 Mar 95

[By Carlos Franco]

[FBIS Translated Text] Brasilia, 6 Mar (AE)—The following are the main aspects of the fiscal policy proposed by the government; they were reported by Finance Minister Pedro Malan and Planning Minister Jose Serra at Planalto Palace a few minutes ago:

1. To reschedule the budget to be able to save 9.5 billion reais [R] during its implementation. This will be achieved through suspension of all allocations that surpass the amounts forecast by the Federal Revenue Office. This measure is in addition to the vetoes made to the 1995 law of allocations [lei de meios]. It totals R3.2 billion of the fiscal budget and R3.4 billion of the

state-owned companies' investment budget [figures as received]. The vetoes to the state-owned companies' investment program will only be reviewed if it is proven, in each case, that said companies have financing capacity.

2. To pay the salaries of public employees and state-owned companies' employees between the second and fifth working day of the month after the salary becomes due. If there are resources available, 40 percent of each employee's overall salary can be paid after the 20th of the month during which the employee actually worked. The habit of paying salaries before the last day of the month they become due, which never occurs in the private area, is incompatible with the fiscal austerity policy. The pay day for public employees and state-owned companies' employees will change beginning April.

3. To ask the Federal Senate to finish debating the draft bill that was originally presented by Deputy Rita Camata (PMDB-ES) [Brazilian Democratic Movement Party-Espirito Santo]. According to this draft bill, the federal, state, and county governments must reduce their current net expenditures for salaries and social contributions by 40 percent; in other words, such expenditures must not total more than 60 percent of what is currently being spent in these areas.

4. To issue regulations for Article 169 of the Constitution, which demands that, to increase expenditures as regards the payroll—such as salary increases or career reorganizations—a specific authorization must be included in the LDO [Budget Guidelines Law] and a prior budget allocation must be made. Several draft bills have already been approved, but they do not meet this constitutional requirement. So far, the Federal Government has not been respecting the requirements of this article. In addition to sending a constitutional amendment on this issue to Congress to make the terms of this article equally applicable to the three government branches, the government is also issuing regulations on this matter to the direct and indirect administration organizations and entities through a presidential decree.

Central Bank Sets Fluctuation Band for Dollar Exchange

PY0603155895 Sao Paulo AGENCIA ESTADO
in Portuguese 1420 GMT 6 Mar 95

["Text" of communique No. 004479 issued by the Central Bank, BC, in Brasilia on 6 March]

[FBIS Translated Text] To those institutions authorized to operate on the currency exchange market:

1. The BC's interventions to either buy or to sell on the interbanking exchange market in the sections of both free and floating rates will be based on a system of "fluctuation bands [faixas]" (bands) [bandas].
2. The "fluctuation bands" will be periodically determined by the BC by announcing the ceiling and floor values of these bands.

3. The BC will intervene in the interbanking exchange markets through electronic auctions whenever the ceiling and floor limit values are affected by the market rates.

4. The BC may take action even when the values are within the "fluctuation band" in order to prevent undue rate oscillations.

5. The "fluctuation band" that is going into effect as of 6 March is a buying rate of 0.86 reais [R] per U.S. dollar and a selling rate of R0.90 per dollar.

6. The "fluctuation band" that will go into effect on 2 May 1995 will be a buying rate of R0.86 per dollar and a selling rate of R0.98 per dollar.

7. The BC will accept offers for the future sale of U.S. dollars at R0.93 for 2 May 1995—but which will be executed on 4 May 1995—until 1530 on 6 March 1995, and will announce the accepted offers either partially or totally by 1630 on 6 March.

8. The BC president hereby calls upon representatives of dealers to attend a meeting to be held at the BC building, eighth floor, in Brasilia at 1130 on 7 March 1995.

[Signed] Gustavo Henrique Barroso Franco, director of the BC International Affairs Department.

Businessmen View Fluctuation Band

PY0603220395 Sao Paulo AGENCIA ESTADO
in Portuguese 2034 GMT 6 Mar 95

[Report by Salete Silva]

[FBIS Translated Excerpt] Sao Paulo, 6 Mar (AE)—The government has signaled that it intends to modify the exchange policy and devalue the real. Import and export businessmen believe this is the principal effect of the adjustment measures announced by the government today. Experts believe the impact on the trade balance could be small and the prices of imported goods could climb, but the valuation of the dollar tranquilizes economic agents, especially those who still fear an economic crisis in Brazil like the one that took place in Mexico.

The effects on imports and exports must be small, according to Silex Trading Director Roberto Fonseca. The variation is very small and not sufficient to modify the volume of Anticipated Exchange Contracts (ACC) or of imports. He said: "Structural measures would be required to really modify and reverse the trade balance."

He said the adjustment is, however, a good sign and will have a psychological effect on Brazilian economy. He said: "The exchange rate measure indicates that the exchange policy is alive and that the government intends to devalue the real, even if it has to be in the long term." [passage omitted]

Meanwhile, IAT Trading Company Director Jacques Eluf said the exchange rate adjustment could force up the prices of imports, but this will be positive for exports and the Brazilian economy. He said: "Perfumes, electronic

products, and other imported goods could become more expensive, but the measure is important because it shows the Brazilian Government's will to devalue the real." He said exporters expected a larger devaluation. He said: "The adjustment should have been greater." The government can begin to reverse the negative trade balance with this measure alone. He said: "The indication that the government will touch on the exchange rate could reverse the trade balance."

System Likely To Restrict Speculative Capital

PY0703004095 Sao Paulo AGENCIA ESTADO
in Portuguese 1957 GMT 6 Mar 95

[Report by Josue Leonel]

[FBIS Translated Text] Sao Paulo, 6 Mar (AE)—The government has done well to modify its exchange policy. This is the opinion of Deiwes Rubira, assistant director of investments of the ING Bank. He believes that the band system will restrict the arrival of short-term speculative capital in Brazil. The 13.9 percent interval between the buying (0.86 reals) and selling rate (0.98 reals) that will come into effect as of May will increase the risks for speculative exchange operations, hence restricting them.

The ING Bank assistant director believes that the dollar exchange rate will now begin to slowly and gradually approach the 0.90 real ceiling, as 2 May draws nearer. In his opinion, the inflationary impact caused by the exchange adjustment should not be worrisome if the Central Bank manages to properly administer the dollar rate climb, especially after May.

Thus, Rubira thinks that the Central Bank has been cautious when intervening "within the band," that is, within the limits established by the band to avoid sudden variations. Rubira believes that with the adoption of the band system, the government is demonstrating that it chose a clear option in favor of long-term foreign investments rather than "smart money" [preceding two words in English]. In addition, according to the ING Bank assistant director, it is an admission that economies whose stabilization is based exclusively on the exchange rate cannot sustain themselves.

Military To Seek Wage Readjustment

95SM0196B Rio de Janeiro JORNAL DO BRASIL
in Portuguese 4 Feb 95 p 7

[Unattributed article: "EMFA Asks for Bigger Increase"]

[FBIS Translated Text] The military is going to ask President Fernando Henrique Cardoso for a 25.94-percent pay increase. That is 3.17 percent more than the government granted the executive branch's civilian employees on the base date in January. This was announced by the Army's new spokesman, General Romulo Bini Pereira. "It is a right that belongs to us, and we are demanding it," said Gen. Bini in Brasilia.

According to him, the EMFA [Armed Forces General Staff] has already asked the economic team to revise its calculations so as to grant an increase exceeding the 22.07 percent given by the government. "The EMFA is the major conduit for this problem," the spokesman said. But he ruled out the possibility that the military would turn to the courts to obtain the increase. "It will not be in the courts. It would be through petitions to officials in the economic area. But the decision is up to the president of the republic," he emphasized. According to government experts, those in the military are entitled to receive a bigger increase because during the two stages of isonomy last year, their increase was in the form of bonuses specific to their category.

Military Household Chief To Head Intelligence

95SM0196E Brasilia CORREIO BRAZILIENSE
in Portuguese 3 Feb 95 p 4

[Article by V.C.: "General Cardoso Will Head Intelligence"]

[FBIS Translated Text] President Fernando Henrique Cardoso has decided to hand command of the government's intelligence area over to Army General Fernando Cardoso, currently chief of the Military Household.

The general is from that section. He was assistant to General Octavio Medeiros, head of the SNI [National Intelligence Service] in the Figueiredo administration. At that time, the SNI was involved in everything going on in the country.

Besides heading up Brazil's negotiations with Iraq—which turned out to be a fiasco for Brazilian foreign policy—the SNI under the Figueiredo administration participated heavily in domestic politics. It was even accused of being responsible for the bombing episode in "Riocentro."

Collor

After working as Medeiros' assistant, Gen. Cardoso stayed on in the intelligence community. In the Collor administration, he was head of the Army Intelligence and Information Center. In Itamar's administration, he took over as chief of the Military Household, where he was retained by Fernando Henrique.

Now he is going to head the Brazilian Intelligence Agency, a federal agency attached to the Office of the Presidency and one that the administration has been authorized to establish by Provisional Measure 813.

The new agency will "plan and carry out activities of a permanent nature relative to the collection, gathering, and analysis of strategic information."

The administration's number-one secret agent will also "plan and carry out activities of a secret nature necessary to the security of the state and of society."

All the duties in question will be set forth in a provisional measure. In addition to Gen. Cardoso, the president of the republic may appoint up to four directors to deal with secret matters.

'A Kind of CIA'

"The administration is creating a kind of CIA," says Deputy Paes Landim (PFL [Liberal Front Party], Piaui). An expert on the matter, he feels that the structure planned by Planalto Palace is similar to that of the U.S. Government's powerful Central Intelligence Agency.

Until then, Fernando Henrique is receiving reports prepared by the Strategic Affairs Secretariat (SAE) and supervised by Eduardo Jorge Caldas Pereira, the secretary general of the Presidency.

The SAE replaced the SNI in the Collor administration, but its current chief, Ronaldo Sardemberg, refused to oversee the Information Subsecretariat, which is where espionage activities are carried on.

The activities of the former agency, which have been handled by the SAE, will be transferred to the Brazilian Intelligence Agency, and that includes the 1,200 secret agents it currently has.

But Gen. Cardoso will have a chance to create a structure of his own. Provision has been made for a roster of personnel for the agency who will be entitled to special remuneration and enjoy the trust of the Higher Directorate and Advisory Group (DAS).

Deputies Criticize Agency

There is negative reaction in Congress to the intelligence system being proposed by the Office of the Presidency and also criticism because the administration is establishing the intelligence agency by means of a provisional measure.

While acknowledging that all governments must have an advisory system in the field of intelligence, Deputy Jose Genoino (PT [Workers Party], Sao Paulo) warns of the risks involved in creating an agency not supervised by the Chamber of Deputies Committee on Defense.

He regards as "extremely bad" the fact that the agency is being imposed by means of a provisional measure without a discussion with Congress. "President Fernando Henrique cannot be authoritarian to the point of creating an SNI by decree."

The congressman also fears a repetition of "operational activities" bankrolled with taxpayers' money, as happened in the military era. "It must be made clear that that agency can only have an advisory function," the congressman says.

Illegal

Deputy Jose Dirceu (PT, Sao Paulo) feels that activity must be restricted to the foreign area. Dirceu feels that

being a spy is illegal, even though the Brazilian Government engages in espionage, uses agents for infiltration, and routinely listens to telephone conversations.

Deputy Marcelino Romano (PPR [Progressive Renewal Party], Sao Paulo) claims that it is unconstitutional to establish the intelligence agency by means of a provisional measure. "The government can do so only through a specific law, as stipulated by article 37 of the Constitution," he says.

Arms Dealers Await End of Peru-Ecuador Conflict

95SM0196F Brasilia CORREIO BRAZILIENSE
in Portuguese 1 Feb 95 p 13

[Article by Roberto Lopes: "Brazil Wants To Sell Weapons"]

[FBIS Translated Text] The Brazilian arms industry is awaiting the end of hostilities between Peru and Ecuador to visit both governments in search of new business.

Businessmen in the industry are convinced that as a result of the current state of tension, the military on both sides will try to fill the gaps they are finding in their arsenals.

Actually, it is possible that Ecuador will resume a selection process for acquiring 100 medium-sized tanks. Five years ago the Ecuadorians chose Argentina's TAM [Argentine Medium Tank], but the United States offered its Stingray, time passed, and the Quito government decided to postpone its decision indefinitely.

The Ecuadorian Army has more than about 100 AMX-13 light tanks, which were built in France over 20 years ago. The Bernardini firm in Sao Paulo offered to modernize them.

"I myself was in Ecuador studying the deficiencies of those tanks in order to propose a renovation program," CORREIO BRAZILIENSE was told yesterday morning by the company's president, Flavio Bernardini, "but later they ran out of money and could not handle the project."

At the moment, Avibras Aerospace of Sao Jose dos Campos, Sao Paulo, is conducting a marketing offensive in Chile. Brazil's largest arms manufacturer, Avibras has been selling small air-to-surface rockets to Peru, but it has lost a good deal of its market share in Latin America.

Army Aid Sought in Roraima Indian Conflict

95SM0196D Brasilia CORREIO BRAZILIENSE
in Portuguese 3 Feb 95 p 13

[Unattributed article: "Governor Requests Army's Help"]

[FBIS Translated Text] Boa Vista—Roraima Governor Neudo Campos (PTB [Brazilian Labor Party]) yesterday asked Minister of the Army Zenildo Lucena to intervene with military troops in the Rio Cotingo area 300 km from Boa Vista.

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Military Police and Indians have been engaged in land conflicts in the area since December. That information was provided by the governor's adviser, Rui Figueiredo.

The atmosphere in the region grew more tense after experts from Roraima Power Plants visited the vicinity of Cachoeira do Tamandua in Rio Cotingo to conduct topographical surveys requested by the secretary of the environment.

The study regarding the technical and economic feasibility of the Cotingo hydroelectric plant had technical shortcomings from the standpoint of its environmental impact, according to Rita de Cassia Pereira, director of the Environment Department.

In reprisal for the action by the experts in Cachoeira do Tamandua, a region in the undemarcated Raposa Serra do Sol Reservation, Indians, most of them belonging to the Macuxi and Wapixana ethnic groups, built huts and cleared new fields in the locality as a sign that whites were prohibited from building there.

Demarcation

The reservation comprises 1.3 million hectares and has already been recognized by the National Indian Foundation (Funai), but its demarcation is still stalled in the Ministry of Justice.

In response to the Indian reaction, the Roraima administration sent 70 Military Police to the locality, and the huts were destroyed, making the situation worse.

The Indians took revenge by setting fire to bridges and telephone towers in the Soco, Placa, and Uiramuta villages. The Roraima Native Council denies Indian participation in that attack.

Despite the expert report, the National Water and Electric Power Department (DNAEE) vetoed construction of the Cotingo hydroelectric plant on 18 January. "Use of water resources, including their power potential, when located on native lands can only be undertaken with the authorization of the National Congress," the DNAEE announced.

Funai and the Office of the Attorney General in Roraima have filed suit in the Federal Supreme Court to halt work in the Cotingo region.

Yesterday the president of Funai, Dinarte Nobre de Madeiro, visited the huts in Pedra Branca and Guropi, where more than 800 Indians had gathered.

Construction

The Cotingo hydroelectric plant was conceptualized by then Governor Ottomar Pinto (PTB) in the 1980's. Initially, the dam was to have been built by Eletronorte [Northern Brazilian Electric Power Plants, Inc.], but the project was declared impractical.

With an estimated cost of \$160 million, the hydroelectric plant can generate 120 megawatts of power.

Unofficial information reveals that construction firms such as Andrade Gutierrez, Odebrecht, and Paranaparna are interested in taking part in the bidding. The Cotingo region is one of the most [word indistinct] ecological regions.

Army Studies Purchase of Russian Helicopters

95SM0196C Brasilia CORREIO BRAZILIENSE
in Portuguese 31 Jan 95 p 13

[Article by Roberto Lopes: "Brazil Studies Purchase of Russian Helicopters"]

[FBIS Translated Text] The Brazilian Army is studying the possibility of purchasing Russian MI-17 helicopters for increasing the mobility of its troops in the western Amazon region.

Two months ago, an aircraft of that type, painted in the colors of civil aviation, underwent tests in the Manaus region. The aircraft had previously been subjected to tests in Taubate in Sao Paulo's interior, headquarters of the 1st Army Aviation Battalion.

The ground force has a detachment of four French-made SA-365K Panther helicopters in Manaus. They were transferred from the Taubate Battalion's Tactical Transport Helicopter Company. Those aircraft have turned out to be unsuitable for operating in the heat and humidity of the Amazon region. And their unsuitability has been demonstrated.

Maneuvers

During the last four months of 1993, the Armed Forces conducted Operation "Surumu" in the northwestern Amazon region. Those were the biggest military maneuvers ever conducted in that area. The 1st Battalion's Panthers did not have enough power to operate when transporting fully equipped soldiers.

The troops on board those aircraft were able to carry only their automatic rifles and one clip of spare bullets each. Their backpacks and other field equipment had to be carried on other aircraft detached especially for the purpose.

Offers

France and the United States are competing with Russia to supply new helicopters for the Brazilian Army. The French are offering the Cougar at a price of \$8 million each. The Americans are offering a less sophisticated version of the Black Hawk helicopter at a unit price of \$16 million. The Russian MI-17 is being offered at \$3 million.

Ukraine and Cuba are offering the MI-17 to third-world countries—such as Brazil—at a bargain price of \$1.4 million. But Kazam—the Russian manufacturer of the

aircraft—will not provide guarantees or sell spare parts to anyone disposed to acquire the aircraft in that way.

Cardoso Institutes New Human Rights Policy

95SM0196A Sao Paulo GAZETA MERCANTIL
in Portuguese 7 Feb 95 p 3

[Article by Maria Helena Tachinardi: "New Policy on Subject of Human Rights Takes Effect"]

[FBIS Translated Text] Brasilia—Instead of merely challenging criticisms by foreign groups regarding human rights violations in Brazil, a policy that characterized the actions of his predecessors, President Fernando Henrique Cardoso has decided to change tactics and has authorized the establishment of a Department of Human Rights and Social Issues in the Ministry of Foreign Affairs. Yesterday Brazilian foreign affairs officials also announced the government's first report on civil and political rights.

The 176-page report, presented to the United Nations in November of last year, acknowledges the existence of forced labor and forced prostitution in the country, the lack of medical care in military prisons, and the use of torture for extracting information and forced confessions.

Two other reports are at an advanced stage: one on racial discrimination and the other on torture. In addition, last month the Brazilian Embassy in Washington published, in English and for distribution in several countries, a summary of the government's principal initiatives in the field of human rights under the title "*Society, Citizenship, and Human Rights in Contemporary Brazil*."

As part of the policy for developing those themes, Minister of Foreign Affairs Luiz Felipe Lampreia was in Geneva last week to deliver a speech before the UN Commission on Human Rights.

The government wants coordinated actions and has ordered the establishment of an office to handle human rights in the Ministry of Justice that will interact with the Ministry of Foreign Affairs.

Despite being a signatory to the principal conventions on human rights, Brazil had previously produced only one report concerned with racial discrimination during the 1980's. The next report on civil and political rights should be published in 1999.

Besides the reports on racism and torture, which are at a more advanced stage, the Ministry of Foreign Affairs is preparing other reports dealing with women's and children's rights. According to Jose Augusto Lindgren Alves, head of the United Nations Division in the Ministry of Foreign Affairs, the National Congress has already approved all treaties and conventions in the field of human rights.

The Ministry of Foreign Affairs wrote the report on human rights with the help of the Center for Studies on

Violence of the University of Sao Paulo (USP). Lampreia says that the document "is the most comprehensive ever prepared at an official level" and that "it is only one proof of the dialogue that the Brazilian Government is engaged in with civil society." The Ministry of Foreign Affairs is preparing for Brazilian participation in world conferences in the social area in contact with nongovernmental organizations (NGO's). The next will be held in Copenhagen from 6 to 12 March; it will be concerned with social development.

Chile

'Concern' Prevails Over Possible Argentine Financial Crisis

PY0703002395 Madrid EFE in Spanish 1517 GMT
6 Mar 95

[FBIS Translated Excerpt] Santiago, 6 Mar (EFE)—Concern in some sectors, moderate optimism in others, and in general a feeling of expectation form the framework of reactions in Chile with regard to the Argentine crisis and the feared "Tango Effect."

While business sectors and economic officials show timid optimism and trust that the crisis will be overcome, analysts are more pessimistic and claim a devaluation is almost certain.

Industrial Development Association (Sofofa) President Pedro Lizana is quoted in the local press on 6 March as saying that it is better to wait and see what might happen during the next few days before making a more thorough analysis of the difficult situation.

He said Argentina is "a solid country" that is affected only by a monetary issue.

Lizana said the economic adjustments proposed by Argentine Economy Minister Domingo Cavallo "are courageous," adding that in this country adjustments via remunerations are impossible.

He said an eventual devaluation will strongly affect Chilean exports to Argentina, although the dollar rate "will experience a rise which will help the business sector."

Roberto Fantuzzi, president of the Association of Exporters of Nontraditional Manufactured Products (Asexma), believes devaluation is not very probable, adding that one of the profoundest reforms the next Argentine Government, which he surely thinks will be of Carlos Menem, will be to modify the labor laws of that country.

Meanwhile, Metallurgical Manufacturers Association (Asimet) President Juan Riveros has said the measures promoted by Cavallo "are quite correct," adding that the crisis facing Argentina will be much softer than what is happening in Mexico. [passage omitted]

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Colombia

Samper on Relations With U.S., Drug Policy

PA0503200095 Caracas EL NACIONAL in Spanish
1 Mar 95 p A-2

[Report on "exclusive" interview with President Ernesto Samper by Joaquin Estefania of EL PAIS as an exclusive service for EL NACIONAL; in Cartagena de Indias—date not given]

[FBIS Translated Text] Cartagena—Ernesto Samper still maintains his charisma six months after being elected president of Colombia. He is 43 years old and, according to the Constitution, cannot be reelected. That is why he prepared a four-year plan whose priority is the elimination of violence as a form of social interaction. He is aware that Colombia has a real problem with drug trafficking and another one with its image. He is obsessed, like all Colombian politicians, with the "good conduct certification" the United States must grant Colombia in a few days for its struggle against drug trafficking, because it is essential to receive international aid; and a failure to receive this certification would be considered an injustice and nearsightedness.

[Estefania] You have been in office barely half a year. How has Colombia changed in those six months?

[Samper] The government's style has changed, above all. Without criticizing the previous government, I have launched the culture of dialogue. Colombia's most critical problem right now is armed violence; it seems that a solution is possible if the conflict is not taken as a form of coexistence.

[Estefania] "We must learn to solve conflicts without killing each other." You stated this during your electoral campaign. Is Colombia the most violent country in the world?

[Samper] I do not know if it is the most violent but, I insist that for many years, the Colombians have used violence as a form of social interaction. The greatest challenge we have, the first point in my legislature program, is to form a citizen that is more involved in the political sector, more supportive in the social sector, more productive in the economic sector, and less of a plunderer.

[Estefania] You do not mention two conflict-oriented sectors like the guerrilla groups and drug trafficking within that dialogue.

[Samper] Aside from the objective factors of inequality and poverty, there are three groups that generate armed violence in Colombia: The guerrilla groups, the drug traffickers, and the paramilitary. The Colombian guerrilla groups are the oldest in Latin America and this makes more difficult any scheme of consensus. My proposal is a peace policy that does not make the same mistakes we have made so far. For example, it should not be based on a negotiation for the guerrilla groups' demobilization and disarmament because

this would be utopian. We will strive to negotiate amid the war and based on congress' approval of the Geneva Convention Protocol.

My attitude is very firm regarding drug trafficking: Persecute the cartels and eradicate the crops. Regarding the paramilitary groups, which are the right-wing's armed element, we are studying a deactivation by enforcing the law with certain benefits. If we do not combine the law and the benefits, there will be no peace.

[Estefania] In other words, there will be no negotiations with the drug traffickers? I have seen the media reactivate the controversy about drug traffickers' extraditions to face trials outside Colombia.

[Samper] Referring to the first, the Attorney General's Office has legal authority to handle procedures for the drug traffickers' possible surrender. Referring to the extradition, it is prohibited by the Constitution. Any attempt to reform this mandate would be painful; public opinion is opposed to extraditions. The idea is for the drug traffickers to face a fair trial in Colombia.

[Estefania] Is it true, then, that the drug traffickers prefer "a tomb in Colombia to a cell in the United States?"

[Samper] That was a phrase spoken within a different context, in Medellin, when a wave of narcoterrorism was taking place. Now it is different; we now face a more powerful, complex, and demolishing form of drug trafficking—narco-corruption. It is not the state persecuting a criminal all over the place; instead, the state is trying to dismantle a powerful corruption machine that has created some kind of protective armor around many drug traffickers. The measures adopted by my government against drugs in these six months prove that I consider drug trafficking a threat to national security, given the gravity with which we are handling it.

We want to dismantle the drug cartels and incarcerate their leaders, but we also want to demand that the international community assume its own responsibilities to reduce consumption, prohibit chemical elements, and struggle against money laundering.

[Estefania] Given issues like drug trafficking, relations between the United States and Colombia are not precisely at their best right now. In what way has the Republican victory in Congress influenced those relations?

[Samper] In theory it should exercise no influence because, historically, Colombia has maintained good relations with both Republicans and Democrats. What may exercise some influence is the internal struggle for power in Washington between Clinton and the Republicans to see who actually rules in the United States.

[Estefania] In a few days (today) we will know if the United States approves or not a certification for Colombia, for its struggle against drug trafficking. This certification has a lot influence—for example, for the approval of credit.

[Samper] That will be the moment to find out if the U.S. position toward Colombia has hardened or not. The United States reserves the right to rate countries on their efforts in the struggle against drug trafficking and in favor of human rights. It practically becomes a certification of the country rather than of its authorities.

[Estefania] Colombian newspapers—some of which term this process a “good conduct certification” and criticize it saying this was only done by the viceroys—explain that the hardest position in the United States is maintained by Republican Senator Jesse Helms, chairman of the Senate’s Foreign Affairs Committee.

[Samper] I still do not know if that senator bears ill-will toward Colombia.

[Estefania] It is also said that this certification deals with Colombian policy toward Cuba. How are Colombia’s relations with Cuba at this moment?

[Samper] We think Cuba must expedite its transition toward democracy, but we also think that the blockade is not the way to facilitate those changes. The blockade transfers all the hardships onto the people.

The other issue you mention concerning the U.S. certification is the one on human rights.

The human rights problem is one dealing with realities rather than images or declarations. We have adopted daring decisions—for example the opening of human rights offices in all the Army barracks. These offices receive reports of violations of the military against the civilian population.

[Estefania] Your program was based on a high increase in social investments.

[Samper] We have changed the emphasis of the government’s budget by now. This year’s budget allocations for the social sector (health, housing, education, social interest, community development) have increased. The development plan is now in congress, and I think we will almost receive a unanimous support from the political groups.

[Estefania] The other pillar of your economic policy is the social pact.

[Samper] There is a social pact for one year—and I hope it will be renewed for another year—signed by the government, the labor unions, and the businessmen. It has allowed a reduction of the inflation and we are now able to consider—for the first time—the expected inflation rather than the past inflation as an element for negotiations.

[Estefania] You have defined yourself as a social democrat. You have said that you want to “open a new space between liberalism and the democratic left.”

[Samper] That is a very European question. Definitions have a more pragmatic content in Latin America. An alternate development model is emerging in Latin America. Neoliberalism has failed and another model—that does not return to the protectionism of the 1960s—is being tried. The

only way to legitimize changes and strengthen democracy is to correct inequalities and protect the underprivileged. It is a social democratic development project.

[Estefania] To conclude, what position has Colombia maintained concerning the war between Ecuador and Peru, called “the absurd war” by the writer Vargas Llosa?

[Samper] Absurd as all wars. The land problem is an identity problem in Latin America, more than anywhere else. Latin Americans are protective about every centimeter of land. Many may think that the dispute for an Amazon area is senseless, but it is an ancestral feeling. Colombia was involved in some mediation efforts until we realized that both Ecuador and Peru were both right from their viewpoint.

Pardo Urges Review of U.S. Narcotics Cooperation

PA0503221395 Paris AFP in Spanish 1652 GMT
3 Mar 95

[FBIS Translated Text] Santa Fe de Bogota, 3 Mar (AFP)—Following the certification awarded by the U.S. Government to Colombia “for national security reasons,” Colombian Foreign Minister Rodrigo Pardo said Friday he is in favor of reviewing the counternarcotics cooperation that exists between the two countries.

In an interview with Santa Fe de Bogota’s EL TIEMPO, Pardo said: “I think this is a good opportunity to review the way we have been acting towards one another to see what has not functioned well.”

The Colombian foreign minister, who lobbied intensively in Washington to avoid conditional certification of the Colombian counternarcotics effort by the Clinton administration, said that “U.S. Government agencies share both our setbacks and our victories” in this fight.

After noting that Bolivia, Colombia, and Peru—countries which met five years ago with the United States in Cartagena (Colombia) and in San Antonio (Texas)—were certified “for national security reasons,” Pardo commented: “Obviously, cooperation is not working.”

The foreign minister cautioned that in view of this situation created by a unilateral decision of the U.S. Government, Colombia will seek a diversification of the counternarcotics cooperation.

He explained: “We must make our strategy multilateral and seek allies in Europe, Asia, and America who think about joint actions instead of engaging in mutual recriminations.”

As for the possibility that the Samper administration would reject U.S. economic aid to support Colombia’s struggle against the cocaine cartels, which this year is set at \$14 million, Pardo said that although “this is a valid possibility, it does not free Colombia of the unpleasant certification process.”

After insisting that the U.S. Government’s evaluation of Colombia’s antidrug war was unfair, Pardo noted that in the United States, the struggle against drugs consumption has failed.

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He stated that the latest report by the UN International Narcotics Board acknowledged Colombia's success in some fields of the counternarcotics effort and severely criticized increasing consumption in the United States.

FARC, ELN Guerrilla Attack on Ituango Leaves 7 Dead

PA0703023695 Santa Fe de Bogota Inravisión
Television Canal A Network in Spanish 0000 GMT
7 Mar 95

[Report by Heiner Castaneda; from the "Seven O'Clock Newscast"]

[FBIS Translated Text] Another guerrilla attack again raises doubts concerning the issue of peace. This time the victims were inhabitants of Ituango—a village in north-western Antioquia Department. One policeman and six civilians were killed during the attack. A team from the "Seven O'Clock" and "QAP News" newscasts was forced to land at a place three hours away from the site of the attack, because the helicopters in which they were riding came under fire from guerrillas. Nevertheless, the team was able to arrive.

Just when the press was arriving by helicopter at Ituango Municipality to cover the guerrilla takeover conducted by at least 600 men, our helicopter was hit by rifle fire, forcing us to make a three-hour trek overland to the site of the destruction. In a show of power last night, seven FARC [Revolutionary Armed Forces of Colombia] fronts and the ELN [Army of National Liberation] surprised the 5,000 inhabitants of the small village of Ituango, Antioquia Department.

There are reports that Tirofijo [Manuel Marulanda Velez] himself commanded the operation. The rebels used sophisticated communications equipment, and from 2140 last night until 0930 today, they attacked the police garrison, the Agrarian Fund, the mayor's office, and the jail, where they killed three inmates and allowed 38 others to escape.

[Begin unidentified resident recording] This was fierce, something very severe. The guerrillas attacked at about 2145. They shouted at the people to leave, and then they began firing and attacking the police garrison. [end recording]

During the siege, 19 policemen held out. One was killed, and three others were wounded. A civilian also was killed in the crossfire.

[Begin Colonel Guillermo Vega, Antioquia police commander, recording] One policeman was killed, three were wounded. Of these, two have already been sent to Medellin, one in rather serious condition. I have met with the remaining personnel in an attempt to boost their morale. [end recording]

The bottom line is that the guerrillas seized 14 rifles and left the villagers in administrative chaos with a serious deterioration of public order, because they took with

them the mayor and the municipal alderman. This is the fourth time guerrillas have attacked this municipality, and, according to security organizations, it was one of the country's most violent.

FARC, Guerrilla Group Submit Proposals to Government

PA0603033395 Santa Fe de Bogota Inravisión
Television Canal A Network in Spanish 0130 GMT
5 Mar 95

[From the "AM/PM Newscast" newscast]

[FBIS Translated Text] The FARC [Revolutionary Armed Forces of Colombia] addressed itself publicly to the government commissioner again today.

The FARC Secretariat General issued a communique stating that it supports making every rapprochement between the government and the guerrillas public. The FARC has also asked Peace Commissioner Carlos Holmes Trujillo not to reduce the number of spaces available for the probable peace talks.

The guerrillas also rejected the idea of a red phone for permanent communication because they think it would make it possible to locate them.

The rebels also asked the government to reduce the number and scope of military operations in the zone selected for the talks once they have begun. Finally, they said they are willing to sign an agreement between the sides in conflict to protect the civilian population.

In addition, the self-styled Jaime Bateman guerrilla group has sent Cauca government authorities a different proposal in a video cassette. This is a summary of the cassette's contents.

The national summit for peace, held in Popayan, received a proposal for a rapprochement leading to talks with the government. The proposal was presented by the Jaime Bateman Group, which operates in Colombia's southwestern region. The group has sent a video cassette saying they favor regional talks based on an ethics code to regulate clashes between the Armed Forces and guerrillas.

[Begin unidentified speaker recording] An international inspector's office would be created to look into any violations of the code signed between the sides. [end recording]

According to the message, the Jaime Bateman group, beginning today, relinquishes any form of reincorporation of its members into civilian life and demands that the state become interested in the country's forsaken communities.

This is the group that kidnapped Alfonso Lisarazo in the Florida area and which has perpetrated several actions in central Valle del Cauca Department.

Venezuela Requests Permission To Chase Rebels Across Border

PA0503232395 Santa Fe de Bogota Inravisión
Television Canal A Network in Spanish 1800 GMT
4 Mar 95

[From the "Cripton Newscast"]

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[FBIS Translated Text] Military operations continue on the Colombian-Venezuelan border, where Colombian guerrillas have attacked troops of our brother country. Now Venezuelans have asked for permission to enter our territory and fight the guerrillas.

Venezuelan Defense Minister Moises Orozco Graterol once again condemned the attack by Colombian guerrillas on the military post in Cararabo on the Venezuelan-Colombian border. Authorities have arrested 12 people allegedly involved in this incident, including several women.

[Begin Orozco Graterol recording] Colombia must change the way it deals with criminals, smugglers, car thieves, and drug traffickers. We are going to take drastic actions. [end recording]

Meanwhile, here in Colombia, Army Commander General Harold Bedoya affirmed that the four people arrested in the last few hours in Cravo Norte Municipality, Arauca Department, indeed participated in the attack against the Venezuelan Navy infantry base last Sunday. The men belong to the ELN's [Army of National Liberation] Domingo Lain Front, and two guerrillas were killed in the operation to apprehend them.

[Begin Bedoya recording] Some of these criminals were arrested yesterday, and some casualties were sustained. We also seized war materiel and recovered equipment that had been stolen from the Venezuelan Navy infantry base. [end recording]

Search Bloc Operations Target Cali Cartel Leaders

PA0403040395 Santa Fe de Bogota Inravisión
Television Canal A Network in Spanish 0000 GMT
3 Mar 95

[From the "Seven O'Clock Newscast"]

[FBIS Translated Text] Coinciding with the certification issue, the activities of the so-called Cali Cartel Search Bloc have resumed at an intensive level. Simultaneous operations have been carried out since this afternoon in El Valle Department to locate drug lords in this area.

The deputy director of the National Police is personally in charge of the Search Bloc actions.

Approximately 1,000 men from the Police, Army, and intelligence organizations are working in Cali, Buga, Palmira, Tulua, and other Valle del Cauca towns. So far, they have reported the arrests of individuals carrying unlicensed weapons and the seizure of vehicles allegedly used by drug traffickers.

Nevertheless, the Joint Special Command has not reported the arrest of any cartel leader. Authorities also have been conducting intense operations since early this evening to cripple robust drug trafficking operations in the northern part of Valle del Cauca Department. Farms, businesses, and homes are being raided.

Financial Insolvency Cases Up Since 'Apertura'

95CA0145A Santa Fe de Bogota EL TIEMPO
in Spanish 20 Feb 95 pp 1, 2B

[Article by staff writer Clara Ines Rueda G.]

[FBIS Translated Text] Agreements between insolvent debtors and creditors have become "bogeymen" for many business firms since the economic liberalization [apertura] began.

This is a phenomenon that is knocking at more doors every day, because both fair and unfair competition has left many firms with only one option: admitting that they are in a state of crisis and must enter intensive care.

Last year, 27 companies arrived at that state of emergency. This is a record number, almost double the 14 that experienced the same problem during 1993.

Both figures are high because, in 1990, before the liberalization process began, only six companies were involved in such arrangements.

The problem is even more serious when one considers that, in the first two months of 1995, there have already been three firms engaged in that same process. This does not bode very well for the rest of the year.

Those companies are Nylon Textiles, Designs and Construction, and C.I. Land of Colombia.

The three firms have assets totaling 16.744 billion pesos, liabilities of 7.862 billion, and 384 employees.

The concordat is a system whereby a company that is incapable of paying its debts calls its creditors seeking a means of payment that will help it to emerge from the crisis.

Textiles Again

In recent years, the largest number of such cases have occurred in the textile sector, according to a study made by the Superintendency of Corporations.

In 1992, 23 percent of the companies that found themselves in dire straits were textile firms; in 1993, it was 21 percent; and in 1994, 15 percent.

For this reason, the sector's business owners have complained of the damage caused by scourges such as contraband, especially the entry of fabrics from China, the currency revaluation, and "dumping."

The government recently announced that it is exploring the possibility of readjusting the Tax Reimbursement Certificate (Cert), to give some relief to producers who have had major problems with the revaluation. Textile and ready-made clothing producers would be included among them.

Trade was on the "black list" for arrangements between insolvent debtors and creditors during the past three years. This is another sector injured by contraband.

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In 1992, 15 percent of the companies reaching a state of emergency were engaged in commerce; in 1993, it was 14 percent; and in 1994, 7 percent.

Something similar has occurred for the chemical industry, food product factories, and leather and footwear manufactures.

Things have been no easier for the agricultural sector. During 1994, its companies were the ones suffering most, because 37 percent of such arrangements with creditors involved firms engaged in that activity.

And the Causes?

In nearly all instances, economic liberalization plays some role.

According to the study conducted by the Superintendency for Corporations, this may be the reason for the argument advanced by 25 percent of the companies that have reached an arrangement with creditors.

The other major causes have been lack of liquidity (shortage of funds), market problems, and, to a lesser extent, administrative obstacles and high levels of debt. Nevertheless, these situations also could be indirectly related to competition and the internationalization of the economy.

This year, the causes have been similar.

Nylon Textiles claimed to have been involved in problems associated with lack of liquidity and of working capital.

C.I. Land of Colombia, was hurt by the peso devaluation, which meant that its income from exports was reduced, since 95 percent of its production was destined for international markets.

The previous year was the most serious, due not only to the number of arrangements between insolvent firms and creditors, but also to the amounts that were involved.

The most burdensome arrangement with creditors recorded during the past four years is that of Banacol [Colombian Banana Company], which occurred in 1994.

The company reached a state of crisis with assets of 59.825 billion pesos, liabilities of 51.564 billion, and 484 workers.

The reason? A restriction on imports of Latin American bananas imposed by the European Union in 1991.

The company was similarly harmed by the peso revaluation, resulting from the economic liberalization process, and its high level of indebtedness. The firm was not generating sufficient funds to support itself.

It was followed in significance by the arrangement which the engineering firm, Schrader Camargo, reached with creditors. This occurred in 1994 as well.

Its assets totaled 18.627 billion pesos, and its liabilities 15.391 billion. It had 1,554 employees.

The causes were a lack of liquidity and investments made for the purchase of 80 percent of the shares of Conastil, which forced it to resort to external sources of financing.

The third largest most significant such arrangement was that of the Textile Producers Federation, Federaltex, with assets totaling 14.341 billion pesos, liabilities of 7.604 billion, and 179 workers.

Its problem arose as a result of the economic liberalization policy, the national cotton production crisis, an investment in machinery and equipment that could not be recovered, and the loss of markets in Germany and the United Kingdom.

It has been a long time since arrangements between insolvent firms and creditors attained the dimensions of those last year, insofar as funds involved were concerned.

And if things continue as they are going, there will be more business firms forced to reach agreements with their creditors in order to seek their recovery.

Corporations That Have Made Arrangements With Creditors (1990-94)

Year	No of Corporations	millions of pesos		Employees
		Assets	Liabilities	
1990	6	8,044	9,327	787
1991	18	66,334	67,928	4,832
1992	13	44,651	37,855	1,377
1993	14	28,076	27,196	1,008
1994	27	168,746	137,378	5,496
1995	3	16,744	7,862	384
Totals	81	332,595	287,600	13,884

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Ecuador**Duran-Ballen Urges Guarantors To Find Equitable Solution***PA0703041995 Quito Voz de los Andes in Spanish
0300 GMT 7 Mar 95*

[From "The Voz Andes Newscast"]

[FBIS Translated Text] The following report is from Guayaquil. President Sixto Duran-Ballen today urged the guarantor countries to effectively contribute to the peace process between Ecuador and Peru. He said that in order to be true guarantors of an equitable solution that has not been imposed, the countries must see that the necessary demobilizations take place.

Duran-Ballen addressed a large crowd today, which reiterated its support for him and the Armed Forces for their performance during the border conflict with Peru. Following a march through the streets of Guayaquil, more than 30,000 people waving Ecuadoran flags rallied in Centenario Park to applaud President Duran-Ballen.

The president said the guarantor countries—Argentina, Chile, Brazil, and the United States—must find a formula which implicitly speaks of a solution based on our aspiration to have an outlet to the Amazon River.

He reiterated that the 1942 Rio de Janeiro Protocol cannot be executed, and for that reason the guarantor countries must find a solution fair to both countries. That is their obligation, he said.

The president also noted the performance of Ecuadoran diplomats and the Armed Forces during the war with Peru. The success at the negotiating table confirmed the success of our Armed Forces, Duran-Ballen said. The president noted that the Armed Forces maintained Ecuador's integrity and that all the border detachments remain in Ecuadoran hands.

All the detachments remain in Ecuadoran hands; Condor-Mirador, Tiwinza, Tiwinza Hilton, where I asked President Fujimori to accompany me for some seviche. These detachments are now a symbol of the victory of our Armed Forces and of Ecuador's sovereignty, Duran-Ballen said in a rally this afternoon at Centenario Park.

[Begin Duran-Ballen recording] Condor-Mirador, Coangos, Base Sur, Tiwinza—the famous Tiwinza and the Tiwinza Hilton, where I asked President Fujimori to accompany me for some seviche any Saturday—Soldado Monge, Teniente Ortiz, Etza, all these places are now symbols of the glory and victory of our Armed Forces and of Ecuador's sovereignty and history.

Fellow citizens: We had to review 22 documents before securing the famous cease-fire that was ratified today in Montevideo. Ecuador was prepared to sign the cease-fire on the evening of 30 January, when it was presented with the third or fourth draft. We signed the document with the guarantors. All that was needed was for Peru to

establish the time when the cease-fire could go into effect. It said 0800, 0900, 1000, 1200, 1800. I finally said: The day ends at midnight, let it be at midnight. Peru never signed that document.

For a while we implemented a unilateral cease-fire that was not respected. Apparently he had very little control over his troops because they did not obey him and kept trying to destroy our bases and eliminate our patrols. Our soldiers, however, remained at their posts. They did not take a single step backward.

In the air, our pilots fought enemy airplanes. An ambassador from a friendly country reminded me that we had downed four airplanes and five helicopters. He noted: This is not bad at all, nine to nothing and this is just the first half. [end recording]

This has been an excerpt of what Ecuadoran President Sixto Duran-Ballen said at the civic march that took place today in Guayaquil.

Duran-Ballen: 'Protocol Cannot Be Implemented'*BR0603145295 Madrid EL PAIS in Spanish 4 Mar 95
p 4*

[Interview with President Sixto Duran-Ballen by J.J. Aznarez in Montevideo; date not given: "I Am Not in the Hands of the Military"—first paragraph is EL PAIS introduction"]

[FBIS Translated Text] Montevideo—Flanked by the national flag and in the company of several civilian high officials and military aides-de-camp in his Montevideo hotel suite, Ecuadoran President Sixto Duran-Ballen denied that his country was interested in seeing an escalation of the military conflict in the Condor mountains so as to avoid complying with the 1941 Rio de Janeiro Protocol concerning Ecuador's border dispute with Peru. In an interview which took place two hours before Julio Sanguinetti was sworn in as Uruguay's new president, Duran-Ballen, 73, emphatically stated that he had not been hijacked by the Armed Forces. Furthermore, he criticized the countries that had signed the Rio document (Argentina, Brazil, Chile, and the United States), called for a joint committee to examine the geographical factors which his government is offering as proof of the fact that the protocol "cannot be implemented," and admitted that economic developments in his country had forced the government to review its expectations of growth.

[Aznarez] Is it true that the escalation of war is only in Ecuador's interest, in order to try and modify the protocol?

[Duran-Ballen] No. Neither of the two countries would benefit from an escalation of the conflict because this would mean the loss of human life on both sides and a major economic effort that would weaken our position with regard to a process, which—in Ecuador, at least—has been characterized by economic recovery. We were

aiming for a 5 to 6 percent growth rate in 1995, and maybe now we will only achieve 4 percent.

[Aznarez] It is being said that you are in the hands of the military.

[Duran-Ballen] No, not at all. I would say that perhaps this applies more to the other side (Peruvian President Fujimori being conditioned by the Peruvian military). The Ecuadoran army is in full and complete agreement with the government, and has been very respectful. Last Monday was Ecuadoran Army Day, and General Jorge Ortega, commander in chief, confirmed in his speech his loyalty to the government, to the democratic system we have in Ecuador.

[Aznarez] What about the Army's discontent over the review of its oil share?

[Duran-Ballen] Precisely a few days ago the National Congress confirmed the army's share would still be applicable. It was to expire in 1995, and the extension of this grant has been discussed lately with a view to ensuring that the Armed Forces retain the features of a modern army, which is precisely what has enabled us to stand up successfully to Peru's aggressive attitude over the past five weeks.

[Aznarez] How can the latest cease-fire, which has been undertaken in Montevideo, be safeguarded?

[Duran-Ballen] The presence of international observers should serve this purpose. If the observers fulfill their duty to go to the war zone and remain there, they will be able to see who is firing on whom, from which side, where, and how. If, as happened only a few days ago, they go there, stay for an hour or 15 minutes, and then leave, well, during that hour or 15 minutes not a single shot was fired, but as soon as the observers withdrew, the shooting began again. This is why the only possible guarantee consists of the permanent presence of observers from the guarantor countries, which is what we have been asking for right from the start.

[Aznarez] Are the four guarantor countries fulfilling their task adequately?

[Duran-Ballen] In 1941, the guarantors acted somewhat thoughtlessly, while at the same time the United States exercised considerable pressure to bring the war to an end rapidly, so the document was signed. However, since then the guarantor countries have not done anything to find a solution which would be definitive and fair both for Peru and Ecuador. They have not been players but bystanders.

[Aznarez] What about the persistence of violence from both sides?

[Duran-Ballen] One side is persisting in its attacks, and we are persisting in defending ourselves. Through dialogue, we must now seek at least the beginning of a definitive solution to the conflict. However, Peru is clinging obstinately to its position, namely, securing the

dividing line along the Condor mountains. I am not advocating this line or any other particular line. What I am saying is that there is a certain geographical reality, and a long time ago the guarantors should have made us realize that, given this geographical reality, we must find a solution which is not provided for in the Rio Protocol, because at that time neither Peru nor Ecuador nor the guarantors were aware of this geographical reality.

[Aznarez] Has anybody been entrusted with the task of verifying this aspect?

[Duran-Ballen] Not for the moment, and this is only natural. The best solution would be to set up a technical body, with the involvement of both countries and the guarantors, precisely to achieve this, that is, to recognize that, because of the geographical reality, the protocol cannot be implemented.

[Aznarez] You were the first Ecuadoran president to recognize the Rio Protocol, and from some quarters you are being accused of capitulating.

[Duran-Ballen] At one point Congress declared it null and void, whereas our Supreme Court ratified it. But if you and I have a disagreement, and we have signed a document, for this document to be null and void, the other side must accept my declaration to the effect that it is null and void. This was not the case, so I decided that it was the only existing document—there are no others—which we could appeal against. It may be as null and void as you please, but it is still in force, and if it is in force we can appeal against it. This does not mean capitulating, not in the least. The protocol is valid as long as we use it according to the letter. It is an instrument enabling us to decide—via the guarantor countries—what we must do to find a solution to the disagreement.

Executive Branch Rules Out 21 May Referendum

*PA0603184395 Quito Voz de los Andes in Spanish
1200 GMT 6 Mar 95*

[From "The Voz Andes Newscast"]

[FBIS Translated Text] The executive branch has ruled out the referendum in light of the prevailing national unity and the agreements reached with the government agencies.

The president himself has discarded the need for the referendum, which was to take place on 21 May, because he trusts the constitutional issues can be resolved without any major mishap. Thus, the executive branch will be unable to call another such consultation.

Ecuadoran political sectors have accepted President Sixto Duran-Ballen's decision but say it is necessary to agree on the questions for the referendum before calling a plebiscite. The political leaders believe it will be possible to reach an agreement on the 45-hour work week and the state modernization plan [words indistinct].

The president has announced the beginning of a consultation process with various sectors of the community in order to define a single territorial proposal to present at the upcoming negotiations. Duran-Ballen has made it clear the government is not calling a referendum but, rather, a phase of discussions with the country's majority representative sectors. He has denied the so-called Patriotic Front, which he announced recently, would gather only exclusive personalities.

Legislators React to Referendum Suspension

PA0603232595 Quito Voz de los Andes in Spanish
1700 GMT 6 Mar 95

[Report by Loida Carriel; from "The Voz Andes Newscast"]

[FBIS Translated Text] The presidential announcement to suspend the constitutional reform referendum scheduled for May of this year has been well received by legislators.

Congressman Dr. Fabian Alarcon speaks out in this regard.

[Begin Alarcon recording] The president has taken a positive step. We need to consolidate national unity. Anything that is not too important should be resolved through other alternatives without creating controversy.

The National Congress now has a greater responsibility in continuing to discuss the constitutional reforms and to seek mechanisms to obtain the reforms needed by the country. This step is positive, especially now that we are not too far from an election process. The referendum could create a distortion between what is really advisable for the country and what is advisable for political groups. [end recording]

Fabian Alarcon said that even though the decision has been well received by the legislators, they believe the suspension of the referendum should only involve the constitutional reforms. He added that one or two areas of consensus should be sought. He did not specify which criteria should be used, but at any rate it should be done with dignity and a guarantee of Ecuadoran sovereignty. He said dignity must prevail in the Ecuadoran territory.

[Begin Alarcon recording] I disagree with other political groups, who often praise the people's capability to answer questions and be consulted. I believe a referendum should in fact be held. I believe the referendum should be held after a consensus of ideas is achieved. I believe two concepts should be sought that can represent the country's dignity and reality. These two options should be given to the people for them to decide. Ecuador's position should be the position of the Ecuadoran state based on the people's sovereignty. [end recording]

Meanwhile, pro-government Legislator Freddy Bravo, Conservative Party representative, said he is convinced the people must decide their territorial future by referendum.

[Begin Bravo recording] I am absolutely convinced of this. For a president of the Republic—not only for the current president, but for any president—it is absolutely important to hold negotiations based on a proposal—for example the impossibility of implementing the Protocol because of a difference between the textbooks and geographic reality—and based on the support of the Ecuadoran people. [end recording]

To finish this report on the referendum, independent Legislator Fernando Larrea said he disagrees with the president's decision to suspend the referendum because today more than ever it is important to hold such a referendum so the people can express themselves over topics such as the closing of the Ecuadoran border.

[Begin Larrea recording] I believe the president of the Republic is wrong. No one, absolutely no one, can be above the Ecuadoran people. If the Ecuadoran people want to close their borders, that is their decision. But no one with certain business interests who feels that this is like closing the doors of a store can hastily interpret that decision. We have a problem that is felt differently here in Ecuador. I don't think this is something that can be opened and closed. [end recording]

This shows that political sectors in the Ecuadoran Congress are speaking out in favor of a referendum to define the territorial issue and the closing of the Ecuadoran-Peruvian border.

Morona Santiago Deputy on Territorial Sovereignty

95SM0215A Guayaquil EL UNIVERSO in Spanish
22 Feb 95 p 11

[Article by Roberto Zea: "We Must Remain Alert"]

[FBIS Translated Text] Macas, Province of Morona Santiago—German Mancheno, the deputy from the Province of Morona Santiago who reported to the country on the first skirmishes between troops from Ecuador and Peru in the Cenepa River area, has stated: "One of the best arguments to prove that Ecuador has defended itself on its own territory is that we know the area very well. It is our own area. We do not understand why this was not clear to the Peruvian troops who were lost and were rounded up in that region."

He said, "This shows that it is now quite clear that Peru was the aggressor when it invaded our country. If the contrary were true, it would have been our troops who were lost and unable to return to their bases."

Deputy Mancheno pointed out that it would be to the advantage of Ecuador for outside observers to begin their activities as soon as possible, because no one has any confidence in Peruvian President Fujimori, "not even the most humble Ecuadorean." He said: "We have to be ready and alert. I believe that when Peru holds out its hand and says that it wants peace, we will have to be

even more alert, because there is a greater lack of confidence in them than ever before."

Full Knowledge About the Post

Mancheno said: "As soon as we learned that an agreement had been reached between Ecuador and Peru, I sent a written request to the President of Congress to appoint a committee of deputies to visit the Tihuinsa observation post so that Parliament would fully understand where it is located and, in that way, could support all of the efforts which the government is making."

He continued: "The government is going to need the support of all groups in the country. Although so far the success of this defense of our territory has been due specifically to a union of all social, political, trade union, productive, and managerial groups, that kind of unity must be maintained."

Mancheno stated that if there is any disagreement regarding the negotiation of this agreement, it will have to be resolved. He said that he did not know what view the armed forces have regarding this agreement. However, he considered that the minister of defense has made a detailed statement on the matter and has provided the necessary explanations to support a total consensus and uniformity of views throughout the country.

We Have to Consolidate Our Victory

He added: "It would not be in the interest of the country if what we won on the field of battle, in combat, were lost in the diplomatic field. We will quote what Gonzalez Suarez said: 'You should not lose through diplomacy what was won on the ground.' We cannot let our country disappear in that way."

He continued: "Let us hope that it has been made clear to our armed forces that the agreement which has been reached will not in any way take from us the positions which we have held so far, without retreating from them. If this were to happen, it would be a very serious development."

He pointed out: "These positions are not set out in detail in the agreement since, if it were stated in it that Ecuador has to abandon the positions at Cueva de los Tayos, Base Sur, and Tihuinsa, then we could say that those positions are lost. Withdrawing our troops to Coangos does not mean, in any sense, that we have lost our advanced positions."

Sovereign Access to the Amazon River

The member of Parliament stated that what we must insist—and make this part of our common position—that we cannot give up direct, sovereign access to the Amazon River. If we give up such an access, we will have no reason to call ourselves an Amazon country.

He said: "The international community cannot be unaware of the fact that the Amazon River was discovered by Ecuadoreans. That gives us an absolute right to demand sovereign access to that river. Peru's position of refusing to recognize this right is contrary to world public opinion that we have such a right of access."

He continued: "In future negotiations to resolve the problem of the border we should consider that access to the Morona River is necessary for access to the Amazon River. The navigability of the Morona River was demonstrated when the Andrade Gutierrez Company transported from Manaus, Brazil, all of the machinery needed for the construction of the highway from Mendez to Morona," using the Morona River.

He stated: "It is possible to ship cargo on the Cenepa River. However, we cannot ignore the Morona River. The construction of Puerto Proano, a port on the Morona River, has already been proposed."

He added: "This would be a great advantage, since, through the construction of this port, we would be consolidating the southern interoceanic route from Puerto Bolivar through Cuenca, Paute, Mendez, and Morona, with an exit point to Brazil. Regarding the northern interoceanic route between Esmeraldas and Sucumbios, on 13 February the president signed contracts related to this route. The country with two interoceanic routes would enjoy a great advantage."

Let Us Not Engage in Demagogy

He emphasized once again that the agreement reached between Peru and Ecuador leaves open the possibility of subsequent negotiations for a sovereign point of access to the Amazon River. He said that the definitive solution which our country should seek is precisely that.

He indicated: "On the basis of present reality, I believe that the speech in which a former president said that this is the opportunity to regain the 260,000 square km which we lost is an example of demagogy."

He concluded: "The anguish which we feel—principally those who live in the Provinces of Morona Santiago and Zamora Chinchipe—regarding the permanent threat of a Peruvian invasion should also be felt by the principal political figures who lead the country. They should think as we do, in the provinces directly affected, and not merely seek to gain political advantage."

Poll: Most Back Government, Unwilling To Pay New Taxes

PA0703044595 Quito *Voz de los Andes* in Spanish
2300 GMT 6 Mar 95

[From "The Voz Andes Newscast"]

[FBIS Translated Text] Most Ecuadorans back the government in the conflict with Peru, but many believe that

they have already contributed what they should and would reject additional war taxes.

A poll released today by the private firm Informe Confidencial [Confidential Report], states that 72.5 percent of the inhabitants believe the people do not have the money to pay for additional taxes, while 26 percent believe that additional taxes are still needed. The great majority of the people want the country to maintain its honor and keep its head high, but do not want to maintain the conflict, the polling firm said. People are unwilling to pay new taxes and believe that their situation is already too critical.

Following the clashes with Peru more than a month ago, the Ecuadorian Government instituted several war taxes. These include a tax on car owners of up to 2 percent of the vehicle's value and another that is the equivalent to two days' pay for each employee, which employers have to match. Likewise, the Energy and Mines Ministry decreed that every electric power user must reduce consumption by 10 percent otherwise he will be billed double.

Several analysts, however, have said that taxes are basic so that Ecuador can defend the country's sovereignty without causing economic chaos. Ecuador has no other areas in which it can reduce its budget to pay for defense costs and there is no alternative but to increase income to avert a process of hyperinflation.

According to press reports, Ecuador has spent about \$350 million since the conflict broke out, the equivalent of what it should pay this year to service its debt.

Peru Said To Be Economic Loser in War

95SM0216A Guayaquil EL UNIVERSO (MUNDO ECONOMICO SECTION) 21 Feb 95 p 6

[Commentary by Gustavo Zevallos B.: "Fujimori: the Wrong Path"]

[FBIS Translated Excerpt] [Passage omitted] When the conflict began between Ecuador and Peru, two developing countries, we should have asked ourselves, "Who gains and who loses in this war?" In the first place the economies of the two countries have suffered from the serious stagnation of their domestic markets. Peru has been hurt much more than Ecuador. If you only look at Peru's net annual income from tourism of \$402 million, compared with Ecuador's net annual income from tourism of only \$176 million per year, that tells the story.

Unquestionably, tourism at present has stagnated in the two countries.

Judging only from known statistics, Peru has been spending \$430 million per year on the maintenance and purchases of equipment for its armed forces, according to international organizations such as FAO and the World Bank, among others. This amounts to a little more than 2.4 percent of Peru's Gross Domestic Product

[GDP]. Meanwhile, in Ecuador only \$176 million are spent annually for the same purpose, which amounts to a little more than 1.6 percent of GDP. These simple figures make it almost unnecessary to say what prestigious editorial writers in all the communications media have already said. It is almost ridiculous, if you do not want to be called a cynic, to say that, "Ecuador is the aggressor."

President Bill Clinton has expressed his concern, and the ambassador who arrived in Rio de Janeiro to deal with the matter and thought that it would be resolved "in less than a twinkling of an eye," was left short of enough clothes. He had to send out for more clothes and additional diplomats to continue at the negotiating table. One month after the conflict began it is appropriate to ask: "What have the guarantor countries resolved? Have they improved the situation at the battle front? What have the OAS and the UN done?" The answer is the same as for the first question: they have totally failed. However, President Clinton's concern has more substance. He has a partner in NAFTA involved in a social and economic conflict which not even the assistance which he recently gave it in fact has helped it. I refer to Mexico. Then there are the large Asian investors, especially those who are getting ready to leave Hong Kong in the near future and have been looking at Latin America as "The Continent of Peace." The horizon is beginning to cloud over, and they are simply changing the direction of the new investments which they had planned to make in Latin America, investments which would have complemented the preparation of Bermuda as a place to put their money. This process has been under way for about a five years. At present Bermuda is receiving deposits in its banks and is organizing companies to administer investment in this Western part of the globe. This complicates things for the complementary investment plans which Clinton was preparing for South America. That is the reason, among other, no less important considerations, for the haste in democratizing Cuba as soon as possible.

The fact is that investment is very sensitive to wars. Investors are almost always people or companies which are very sensitive to such developments, because of their economic repercussions on the systems of those who lead them and of their neighbors in the region.

This conflict is the antithesis of the free market policy which is being preached from the pulpit of the White House. There cannot be free trade as long as there are conflicts between neighboring countries. These countries should have, among other things, complementary economies, regional and joint investments in energy and ecological development, and substantial savings from reductions in expenditures on the maintenance of their armed forces. This would make budgetary funds available which could be allocated to other sectors, such as education and the development of regional, high technology schools.

Right now the Ecuadoran and Peruvian financial systems are sluggish and choked with excess demand from economic measures followed to an extreme. The only people who pay for these measures are the poor of the two countries. Latin America as an area is also beginning to suffer from these measures because they undoubtedly have an impact. Where there is no peace, there is no investment!

We have entered a process of sharp recession whose effects have not yet made themselves felt. Because of the violence of the present conflict, it will fall like the sword of Damocles on the weaker economic prospects of skilled workers, small manufacturers, and trade in general.

Therefore, businessmen in Ecuador and Peru signed the agreement, because the development of the Pacific Basin is an immediate fact and because Hong Kong's appetite for investment is also for the immediate future. This painful conflict has tremendously impoverished the prospects of those who fought against the Shining Path movement in Peru, who completed an adequate plan of privatizations and who provided a legal framework for future investments. The only beneficiaries of this conflict are those who planted 120,000 ha of coca plants in the middle of the Peruvian jungle, 85 percent of whose production is earmarked for export to Colombia, to be made into cocaine paste and then shipped to the United States, the largest consumer. Because of the conflict, the price of cocaine will certainly go up in Times Square in New York or in luxurious apartment buildings in Miami, where the "black trade" in white powder goes on every day. No government leader in the United States has been able to stop it effectively. And what should we say of the international press itself? It compromises high-ranking officers of the Peruvian Army, who were praised for their good reputations as world personalities by the press, and literary figures in Peru, such as Vargas Llosa.

Oh, Susana!

Susana Higuchi deserves a special comment. In addition to her denunciations of corruption and guided economic management in relation to privatizations and the acquisition of goods and services for the Peruvian state, she has accused the (de facto) president of Peru. She has called him arrogant, for having implemented an accentuated kind of authoritarianism more suited to Asians than to Latin American "mestizos." She (Susana Higuchi) denounced the president in the forum of the OAS and, what is worse, through the CNN and NBC networks for having begun "the conflict" with Ecuador for reasons of real, personal ambition, related to a thirst for power and an economic appetite which she did not wish to reveal in detail, because of the 120,000 ha of coca plants and their related involvements. In fact, if anyone really knows President Fujimori, it is Susana Higuchi, because he shared everything with her, from their home life to the economy of their country, when he was elected president of Peru on 28 July 1990 and she became the first lady of Peru.

But what happened to that artistic impressario who, from his seat on a tractor and without a history of past political activity, established a political party (Cambio 90) to create a better future for Peru? His image has deteriorated because of the links between his military advisers and the narcotics traffic, which President Clinton is so much opposed to. Clinton has not made his weight felt, even up to the present, when he arranged for the recent delivery of assistance. President Fujimori is the picture of an impatient man. He confessed, before the television cameras of the whole world, that he is ashamed of his country and of all of Latin America. If a chief of state needs to have anything, it is patience, especially when the lives of human beings of two countries are concerned. Fujimori is the very picture of the cult of personal caprice, of disinformation, and of guilty silence for bringing to the verge of economic collapse what he achieved through the modernization and privatization of the economy and the reduction in the level of activity of the Shining Path movement. He concerned himself with the informal economy, giving it a modern structure to turn it into a more traditional economy, following the model of the "Otro Sendero" [The Other Path] of Hernando de Soto, a well-known Peruvian writer on economic subjects.

If Ecuadoran, like Peruvian businessmen, do not want war and desire peace, as a faithful reflection of what their peoples are, it seems to us that the Government of Peru is making a mistake in resorting to force when dialogue and summit meetings are now in vogue. Peru is mistaken when it underestimates the willingness of President Duran-Ballen and his people to engage in a dialogue. It dealt with them close up in Quito and in Bahia. It seems that there is a very large amount of indigenous left in President Fujimori, this son of Asian immigrants, who only amount to three percent of the population of Peru. All of this has happened because, when he looked at himself in the economic mirror, he chose the wrong path, without realizing that there would be no winners in this war, nor any trophies as such. There are only two, resentful countries which never wanted to fight, because they could talk to each other. This is an enormous shame for Peru and also for Latin America for having broken the peace of the region and of the world, acting like Moonwatcher, at a time when force brings no benefits, because now it does not mean power.

The real power is that of peace and the economic development of our countries. All the rest and what is happening now is because things got away from President Fujimori, and he took the wrong path.

DINE Interest in Condor Mountain Range Noted 95SM0215B Quito VISTAZO in Spanish 2 Feb 95 p 11

[Article by Angela Lopez: "A Mountain Ridge of Gold"]

[FBIS Translated Text] The Condor Mountain Range, where the armies of Ecuador and Peru have again clashed, is an area with great gold mining potential.

DINE, the Directorate of Army Industries, has stated that geotectonic conditions in the area make it possible not only for goldbearing ore to exist but also for mining for other metals, such as silver, zinc, and copper. These elements are reportedly spread throughout the mountain range. As a result, exploration in this area is complicated. Advanced technology is necessary for this purpose.

Much has been said about the possibility that there is uranium in the Condor Mountain Range. Nevertheless, Francisco Acosta, the former minister of energy, states that it is still not possible to determine whether there is uranium in the area, since the Ministry of Energy and Mines has never ordered research on exploration for this kind of radioactive material.

For its part TVX Gold, a Canadian company, has discovered commercial deposits of gold in the Pachicutza area in this mountain range. Although the TVX find in Ecuador may not be as important as recent discoveries in Peru, which will require an investment of only \$1.4 million, so far in 1995 the Canadian company has found enough gold to make the property worth mining. Additional gold bearing ore may be found in the same area. ANALISIS SEMANAL reports that it would be necessary to invest about \$7.5 million in the exploration of the second area.

This gold ore bearing region is located near the area where Ecuador and Peru previously clashed in 1981 over border questions. Fernando Belaunde, the former president of Peru, stated on that occasion that, "It is not true that there is petroleum in the disputed area. However, there is a mountain range of gold."

Along the Condor Mountain Range wildcat miners from both countries have been digging gold bearing ore for some time. To exploit the ore in the Pachicutza area, the DINE obtained title to the mining rights, and wildcat miners were cleared out of the region. After this was done, the Condor Mine Company was set up, in which DINE has 10 percent of the shares, with 90 percent belonging to TVX.

The contribution of DINE is principally the title to the 11,700 ha and more security for the area, since it would be difficult to exploit it without the participation of the armed forces. TVX is providing the necessary investment.

According to research by the School of Geology of the University of Guayaquil, the area also has large reserves of petroleum and limestone, an excellent raw material for the production of cement. Furthermore, it has quartz bearing sand, minerals used in the manufacture of glass and ceramic products.

Paraguay

Antinarcotics Agency Head Reacts to U.S. Blacklisting

PY0603144895 Asuncion ULTIMA HORA in Spanish
3 Mar 95 p 18

[FBIS Translated Text] Division General Jose Tomas Centurion, executive secretary of the National Antinarcotics Secretariat (Senad), said this morning that his

office will not permit U.S. pressure or blackmail. His remarks refer to the report that includes our country on a U.S. "blacklist," although this does not include economic sanctions.

The antinarcotics chief said the country does as much as is possible to engage in a frontal attack against drug trafficking, despite the lack of resources. Centurion entirely discredited the Clinton administration's report to the U.S. Congress, which stresses our government's lack of cooperation with the United States.

Centurion said: "We have instructions from the president of the Republic to carry out an all-out fight against drug trafficking. What the U.S. Congress or President Bill Clinton have to say does not therefore worry us. We will continue to fight drug trafficking in the country with or without any U.S. assistance."

Asked about the many irregularities mentioned in the U.S. Government report to Congress involving high-ranking military and civilian officials, Centurion answered: "We do not have any names."

"Things would be different if they gave us the names. It is easy to say 'the military is involved in drug trafficking' without proof," Centurion said.

"If they have proof we would like to see it. We want the names and the proof. Then their report will have credibility. Without proof their report lacks all value. They must give us the names and prove what they say," the secretary said.

When reporters insisted on mentioning the rumors indicating that active duty military officers are the brains behind the illegal trade, Centurion, annoyed at the repeated questions, said: "So far we do not have proof. But we have an example of how severe we are. Colonel Ramirez Mazacotte was found trading with drugs. We caught him, and now he is in jail."

The circulating rumors, however, mention very well-known military figures. Centurion refused to name them, explaining: "We cannot go by simple rumors. We need unquestionable proof."

The Senad chief said the report that is being handled by the U.S. Government with respect to the fight against drug trafficking in our country lacks credibility. "I am not sure their work is serious. Perhaps the U.S. Government receives information from the U.S. Embassy. But they must provide names, pictures, and records; otherwise their report does not have any value," Centurion said.

Asked if he has smooth relations with the U.S. Embassy, and whether Senad exchanges and verifies its information with U.S. Embassy officials in order to improve its service, Centurion said: "We have smooth relations. They know about our needs and what we do. If they have anything to inform us about they send us a report. We coordinate our work with them."

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Centurion said that the capture of drug trafficking bosses is very difficult with our poor infrastructure. "We follow their trail. It is very difficult to prove anything. You cannot apprehend a person based on information that you cannot perhaps use because you have no proof. Our operations are conducted according to the law," Centurion said.

The secretary said they would be very tough when arresting anyone involved in drug trafficking, no matter whether they be military members, legislators, relatives of the president, or anyone else.

"If we surprise him we will get him, no matter who he might be. This administration has no commitments to anyone. We do not care if they are our comrades. We have orders to be severe in our dealings with individuals involved with drugs," Centurion said.

Peru

Ponce: Ecuador 'Must Be Consistent' With Protocol

PY0703010595 Madrid EFE in Spanish 1628 GMT
4 Mar 95

[FBIS Translated Text] Lima, 4 Mar (EFE)—Peruvian Deputy Foreign Minister Eduardo Ponce de Vivanco said today, 4 March, that Ecuador "must be consistent" with its new position as regards the Rio de Janeiro Protocol and must recognize the full validity of that international treaty.

Ecuador recognized the Rio de Janeiro Protocol as the recent conflict with Peru started, and accepted the mediation of the guarantor countries of that treaty (Brazil, Argentina, Chile, and the United States), but insisted on the revision of the document.

Since 1945 the various Ecuadoran governments have denied the validity of the protocol, signed and ratified in 1942, and in 1960, the Ecuadoran Congress declared it "null" unilaterally.

Referring to Duran-Ballen's position, Ponce told the Lima newspaper EL COMERCIO that "remarks one might make for political reasons or for propaganda purposes" cannot prevent recognition of the protocol.

"That recognition, as far as what is said and done is concerned, forces Ecuador to adopt a minimum of international consistency because every country is responsible for its own actions, and the Ecuadoran actions in this last stage have tended toward recognition of the treaty," he added.

Disagreements between Ecuador and Peru on the implementation of that border agreement have prevented thus far the demarcation of the 78-km border zone where the recent conflict took place.

That stretch represents only 5 percent of the overall border between the two countries, which is almost 1,700 km long.

Ponce considered "satisfactory" the work carried out by the Peruvian diplomatic mission during the conflict, stating that Ecuador has been convinced to finally accept the protocol, and "the Ecuadoran troops have been convinced to return to their territory and to leave Peru."

He added: "We have issued documents that confirm this, and Ecuador, Peru, and the guarantor countries are signatories of these documents, which include commitments to respect the Rio de Janeiro Protocol, the objective of which is the demarcation of the border zone outlined in 1945."

The Peruvian deputy foreign minister expressed doubts about the supposed Ecuadoran diplomatic successes with regard to the OAS permanent council and the United Nations following up on the conflict.

He said that "the foreign ministerial meeting requested by Ecuador has not been held, nor has the UN Security Council met or the Vatican delegation acted as mediator."

He also recalled that those three forums expressed the decision to "strengthen the work of the Protocol guarantor countries because it is an international treaty, and the international system is based on respect for treaties."

Ponce lamented the fact that no good "gesture of peace and good will" were expressed between Duran-Ballen and Peruvian President Alberto Fujimori when both attended the recent Uruguayan presidential inauguration.

"A presidential meeting would have been too much when the foreign ministers had not yet met, but a gesture of good will would have been desirable, and that was expressed by President Fujimori," he said.

Ponce was thus referring to the occasion in Montevideo on which President Fujimori extended his hand to Duran-Ballen, but the Ecuadoran president ignored him and turned his back to him.

Government Reaffirms Free Trade Zone Offer to Ecuador

PY0603221895 Madrid EFE in Spanish 1659 GMT
6 Mar 95

[FBIS Translated Text] Lima, 6 Mar (EFE)—A Peruvian Government source reported today, 6 March, that Peru maintains its proposal of granting Ecuador an industrial free trade zone and a free port in the Amazon basin instead of the "sovereign territorial corridor" demanded by that country.

The granting of that "sovereign corridor" through Peruvian territory has been viewed by Ecuadoran President Sixto Duran-Ballen as the "only solution" to the current border conflict between Peru and Ecuador, which caused the recent war.

The Peruvian spokesman said that the "Rio de Janeiro Protocol recognizes Ecuador's right to free navigation on the Amazon River and its tributaries, and it does not mention the presence of an Ecuadoran enclave within Peruvian territory."

He said that the idea of a free trade zone and a free port was officially proposed to the Quito Government in 1992, when Peruvian President Alberto Fujimori paid a private visit to the Ecuadoran capital.

"The document that President Fujimori had handed to President Duran-Ballen is a draft Treaty of Commerce and Navigation, which was part of the 1992 Peace and Development Proposal," the source said.

According to the project, Peru would grant to Ecuador "real and useful access to free navigation on the Amazon River and its northern tributaries."

It adds "the possibility of supplementing river access with highways and port infrastructure facilities that will make possible the operation of a modern and effective system."

The document also proposes, in addition to the free trade zone, the adoption of a policy "that will guarantee the free transit of people, merchandise, boats, and vehicles between the Amazon regions of Ecuador and Peru, and, through this, Ecuadoran communication with the other countries of the Amazon and of the Atlantic Ocean."

Other passages of the text of the document propose the establishment of policies to "liberate and promote bilateral trade of goods and services between the Amazon territories of the two countries," and the creation of "national and multinational companies."

Finally, it makes allowance for "the active participation of other countries; companies; and subregional, regional, or international organizations interested in the construction or financing of projects that Ecuador and Peru would like to undertake."

Goldenberg on Possible Trade Zone for Ecuador, Cease-Fire

PY0703032895 Lima Global de Television Network in Spanish 0130 GMT 7 Mar 95

[FBIS Translated Text] During a news conference he granted at the end of a briefing to the special session of the Democratic Constituent Congress [CCD], Peruvian Foreign Minister Efraim Goldenberg said that before offering a free trade zone and a free port to Ecuador, Peru should arm its border. Moreover, he said that the cease-fire has been maintained for the sixth consecutive day. The following is a report:

[Begin recording] [Unidentified reporter] After a special CCD session, which lasted for almost 8 hours, the foreign minister held a news conference.

[Goldenberg] The entire issue pertaining to the Peruvian border conflict with Ecuador is being handled within the framework of the Rio de Janeiro Protocol. This protocol does not even remotely consider the granting of a territorial corridor through the Amazon region. It does establish, however, free navigation rights through the Amazon region. This is what all this is about.

As a complementary measure to this free navigation right through the Amazon region, the president has spoken of the possible establishment of a free trade zone. All this is naturally encompassed in an overall solution—if you can call it that—of the basic issue, that is, the demarcation of the border area that must still be demarcated.

[Reporter] [question indistinct]

[Goldenberg] I do not see why not. Quite the contrary.

[Reporter] [question indistinct]

[Goldenberg] The cease-fire is being maintained. If I am not mistaken, this is the sixth day the cease-fire has been upheld. We hope this will continue to be the case.

[Reporter] How about the withdrawal of troops?

[Goldenberg] Excuse me?

[Reporter] [question indistinct]

[Goldenberg] Well, it is very likely that some troops have already been withdrawn. The withdrawal, however, will take place later because it will be done after the observers have been deployed. I must remind you that the observers have not arrived yet. Right now, a small group of observers has been sent as an advance team. The entire team of observers will probably arrive this week. [end recording]

Chile's Insulza Confirms Retreat of Troops From Border

PY0603131595 Lima Radio Programas del Peru Network in Spanish 1210 GMT 6 Mar 95

[FBIS Translated Text] Chilean military observers in the Peruvian-Ecuadoran border area have verified that the troops of the two countries have effectively retreated from the zone, where military clashes took place up to some days ago.

This was confirmed by Chilean Foreign Minister Jose Miguel Insulza, who said that Chilean observers have proven that the situation has quieted down significantly, and that there is less movement of troops at the points of conflict.

Argentine Military Observer: Cease-Fire 'Complete'

PY0603130095 Lima Radio Programas del Peru Network in Spanish 1209 GMT 6 Mar 95

[FBIS Translated Text] Argentine military attache Colonel Antonio Aguilar has verified that Peruvian

troops still fully control the so-called Cueva de los Tayos, Base Sur, and Tihuinza posts.

The member of the advance group said that "we have determined that there are only Peruvian troops in the conflict zone, and that the cease-fire is a complete reality."

Col. Aguilar returned to Lima together with Chilean military attache Patricio Williams after being relieved by Argentine Frigate Captain Juan Roberto Marino and Chilean Colonel Rodolfo Acuna, who traveled to the Peruvian watch post PVI.

Ministry: Diplomat in Ecuador 'Attacked, Mistreated'

PY0703015995 Lima Radio Programas del Peru Network in Spanish 0021 GMT 7 Mar 95

[FBIS Translated Text] Ecuadoran military personnel have arrested Eduardo Gonzalez Mantilla, the Peruvian vice consul in Machala. Gonzalez Mantilla was arrested when he was conducting social welfare activities among Peruvian community members in Machala. The Peruvian Foreign Ministry has confirmed that the Ecuadoran military have attacked and mistreated Gonzalez Mantilla.

After being informed of the incident, Peruvian Deputy Foreign Minister Eduardo Ponce de Vivanco met with the Ecuadoran ambassador in Peru to inform him about the attack against the Peruvian diplomat. It is expected that the Peruvian Foreign Ministry will issue a communique on the incident in Machala within the next few hours.

Fujimori Continues To Lead in Polls Before Elections

PY0703013695 Madrid EFE in Spanish 1652 GMT 6 Mar 95

[FBIS Translated Text] Lima, 6 Mar (EFE)—According to a poll conducted only in Lima that was published in today's issue of the economic newspaper SINTESIS, Peruvian President Alberto Fujimori continues to be at the head of the preference polls almost one month before the holding of general elections, slated for 9 April.

According to this poll, Fujimori would obtain almost 53.1 percent of the votes, while his closest contender, Javier Perez de Cuellar, the former UN secretary general and candidate for the Union for Peru Movement, would obtain 14.1 percent.

Economist Alejandro Toledo, of the Democratic Coordinating Movement-Peru Viable Nation, would obtain 6.6 percent, and Ricardo Belmony, of the Obras Civic Movement, would obtain 3.4 percent.

The poll concludes that Mercedes Cabanillas, of the American Popular Revolutionary Alliance (APRA), would obtain 1.9 percent, and Popular Action candidate Raul Diez Canseco would obtain 1.6 percent.

SINTESIS states that 81.9 percent of those polled believe Fujimori will win the elections, while 17.2 percent believe he will lose.

Regarding Perez de Cuellar, the economic newspaper states that 27.5 percent of the voters stated that what they dislike the most about him is "his lack of character and the fact that he is easily influenced," but 22.2 percent state that "they do not dislike anything about him."

Other complaints about the former UN secretary general are "lack of awareness with regard to the real situation in Peru" (12.8 percent), "lack of charisma" (9.7 percent), and his "old age" (7.2 percent).

Concerning the candidates' government programs, 85.3 percent of those polled stated they are not aware of them, and only 13.8 percent stated that they are familiar with them.

Regarding the content of an ideal government program, 58.1 percent of those Lima citizens who were polled stated that it should strive to create more jobs, 19.7 percent demand a good economic program, and 10.6 percent seek a government program with "social sensitivity."

Candidate Questions Fujimori's Handling of Dispute

PY0403033295 Lima Global de Television Network in Spanish 0130 GMT 4 Mar 95

[FBIS Translated Excerpt] During a news conference at noon today, Alejandro Toledo, presidential candidate for the Democratic Coordinating Movement-Peru Viable Nation, insisted on his arguments with regard to the way President Alberto Fujimori is handling the problem of the border conflict with Ecuador.

After reiterating his criticisms yesterday of President Fujimori, who, he said, is using the conflict with Ecuador for his electoral campaign, Alejandro Toledo stated that he will, nevertheless, continue backing the head of state. Nevertheless, he explained that this does not mean he endorses lies and the hiding of truth.

[Begin Toledo recording] We have explicitly backed the president, and I hereby announce we will continue backing the president, but this does not imply an unconditional endorsement of the lack of clarity and hiding of the truth. This backing does not mean the president can politically campaign with a war that has a high cost. [end recording]

He also demanded freedom of action so that the Armed Forces can achieve total victory with the eviction of the invader, thus questioning the ability of the president to lead the military operations. He added that if President Fujimori continues to run the war, he must withdraw from the presidential election. [passage omitted]

Toledo concluded by saying that if the conflict with Ecuador continues, he will request the postponement of

the elections until May in order to allow debates on the proposals of the candidates.

Uruguay

Sanguinetti Appoints New Armed Forces Commanders

PY0303215095 Madrid EFE in Spanish 2126 GMT
2 Mar 95

[FBIS Translated Text] Montevideo, 2 Mar (EFE)—Among his first acts, Uruguayan President Julio Maria Sanguinetti—who was installed on 1 March—today appointed the new Army, Air Force, and Navy commanders in chief.

Sanguinetti, a Colorado Party member who served as president of Uruguay between 1985 and 1990, appointed Raul Iturria as defense minister on 1 March. Iturria is a National or "Blanco" Party member. A coalition has been agreed with the traditional Blanco Party.

Iturria proposed the names of the new commanders in chief.

The Constitution states that the president is the Armed Forces supreme commander. He decided to relieve the current Army and Air Force commanders in chief and replace them with military officers in whom he trusts. The post of Navy commander in chief was vacant because the former commander in chief went into compulsory retirement having reached the end of his term.

Sanguinetti appointed General Juan Curutchet as the new Army commander in chief. Curutchet was the 2d Army Division commander. He was also promoted to the rank of lieutenant general.

Curutchet, 56, is a cavalry officer. During the "de facto" government (1973-85), he was military attache in Spain, Army chief of staff, and mayor of Maldonado, 150 km from Montevideo. He replaces Lieutenant General Daniel Garcia.

Air Force Brigadier General Miguel Sunol is the new Air Force commander in chief, replacing Air Force Lieutenant General Raul Sampedro.

Sunol, 55, was Air Force attache in Spain, Civil Aviation director between 1985 and 1987, and the representative to the Inter-American Defense Board in the United States last year. Sunol was also promoted to the rank of lieutenant general.

Rear Admiral Raul Risso was installed as the new Navy commander in chief, a post that had been vacant since 1 February when Vice Admiral James Coates, the former Navy commander in chief, went into compulsory retirement after holding this post for five years.

Venezuela

Defense Minister Remarks on Proposal To Deal With Terrorism

PA0603232995 Caracas EL UNIVERSAL In Spanish
4 Mar 95 p 1-10

[FBIS Translated Text] Defense Minister Moises Orozco Graterol told reporter B.G.V. that the plan to create a 50-km strip within Venezuelan territory to deal with Colombian narcoterrorism is totally unjustified.

He stated: I cannot support that proposal. Venezuelan Armed Forces are permanently stationed at the borders and have always exercised national sovereignty. Therefore, the strip is totally unjustified.

Asked what would happen in the event of an attack by Colombian unconventional forces against a Venezuelan position, and if the Armed Forces would follow in "hot pursuit," the defense minister responded: In regions where Colombia does not have forces at its border, I would support the creation of the strip, and I believe we would be justified in entering Colombia to search for the aggressor Colombian bandits and criminals ... as we have discussed, asserted, and approved in previously established, valid agreements.

ELN Guerrillas Claim Responsibility for Cararabo Attack

PA0703014295 Caracas EL NACIONAL in Spanish
6 Mar 95 p D-6

[Report by Ramon Meneses]

[FBIS Translated Text] Puerto Ayacucho (Exclusive)—The whole world knows we are the ones who hold real power on the Colombian side of the border, because the Colombian Government has neglected the border areas.

This was how the conversation started with an ELN [Colombian Army of National Liberation] chieftain and other men who identified themselves as "Elenos" [ELN members]. These men had made an appointment to meet with several journalists at a site in Vichada, near Puerto Ayacucho. They acknowledged their responsibility in the attack on Cararabo—an attack in which eight soldiers of the Venezuelan Armed Forces were killed and several others injured.

This meeting had been canceled on two previous occasions. Finally, after several "agreements," the meeting was held with the men, all of whom admitted they were guerrilla members and who came to the meeting without any fear.

—We are open to dialogue. We want things to be done publicly. We want the authorities in the Amazon region to come and sit with us at the bargaining table. We want a priest, such as Monsignor Mario Moronta, to ensure that the agreements are respected in the future. We also want to have a pre-established agenda.

The chieftain said guerrilla activities will increase if their demands are not met.

—We will give the necessary guarantees for talks to take place. It is good to publicize that we are the law in these areas and that no one doubts this. Not even you, who are on the other side, have such control. We are in full and genuine control of this area of the river.

—It is our duty to act. We will continue to remain here to give guarantees to the people. We are an alternative power, and we can give them much more effective control than that rendered by the so-called "national" authorities.

In his opinion, "We will act when there are excesses, and we will not stop doing so. Remember that we have already imposed our order in Colombian communities that had kept themselves outside our sphere."

When asked about ELN actions, which are so very bloody, he said this is the inherent nature of the struggle. He admitted that many of the rebels operating in the area are "soldiers" who were trained in Vietnam and other regions.

All Roads to Carreno Are Red

The community of El Burro is very close to Puerto Ayacucho (approximately 84 km), and it has a National Guard [GN] post where one has to get a pass in order to cross the river to go to Puerto Carreno (Colombia). You also have to "report your presence" at another GN post in the community of Puerto Paez. There, soldiers check your identification card and the documents of visitors coming from the other side of the river.

At Puerto Carreno, on the other bank of the Orinoco River, you see people that have deeply rooted Colombian customs and who watch you very attentively.

The main road is a long and winding avenue that starts at the port and ends in the area of the community park. To one side is a row of stores, cafeterias, and offices. On the other side is the Venezuelan Consulate at Puerto Carreno. The consulate is headed by Alberto Valdez Salas, the brother of former President Luis Herrera Campins' brother-in-law. You see dwellings on both sides whose zinc roofs amplify the heat in the area.

All of the roads that enter or leave Carreno are made of red dirt, and there are a lot of weeds. The meeting was held at an estate that was a kind of camp for the guerrillas. During the meeting, the ELN chieftain and the other self-proclaimed "Elenos" defended their attacks despite their bloodiness.

Caldera Praises Armed Forces Services

PA0603230395 Caracas EL UNIVERSAL in Spanish
5 Mar 95 pp 1-12

[FBIS Translated Text] Venezuelan President Rafael Caldera said this Saturday that the country knows the

National Armed Forces [FAN] are the backbone of the democratic system and the defense of our national sovereignty.

Those statements were made by the chief of state at the Army's General Command headquarters in Fort Tiuna. Caldera attended on Saturday, as a special guest, the meeting of the Army's Council of Generals. In addition to Defense Minister General Moises Orozco Graterol, the meeting was attended by FAN Inspector General General Julio Prado; Vice Admiral Oscar Morales Martinez, chief of the Joint General Staff; and the following commanders general: Army General Nicolas Valencia Vivas, Air Force General Agustin Borges Blasco, and National Guard General Julio Cesar Pena Sanchez.

Referring to comments on the military participation in several public services, such as air traffic control and jails, he said that what is being done is to request the services of the military "in temporary situations, where it is necessary to have discipline, order, responsibility, and patriotism. [no ending quotation mark as received]

He said the services of the military are requested to be able to provide the people with services that are essential and that the government has to supply. In this regard he asserted: "It is not a matter of curtailing anyone's rights but, rather, that we are trying to comply with our obligation to maintain a constitutional state, peace, and public order in the country as well as the basic elements to protect our sovereignty."

The president believes meetings, such as the one held by the Army's Council of Generals, are very useful and of great importance. Faced with situations such as the ones posed by drug trafficking, it is necessary to establish a new strategy where the FAN's conscience, technical ability, and willingness to serve "will allow us to make clear plans so as to overcome such situations and to be ready for all kinds of surprises. This will ensure that future generations will have a country with a constitutional state that is free, secure, firm, aware of its destiny, and willing to achieve a better future."

Fogade Director Resigns; Reorganization Continues

PA0403001495 Caracas Venezolana de Television
Network in Spanish 0200 GMT 3 Mar 95

[Report by Cecilia Cayone: from "The News" newscast]

[FBIS Translated Text] There are various reports describing the future for the Deposit Guarantee and Banking Protection Fund [Fogade] and the General Bank Superintendency. Meanwhile, Banking Superintendent Tesalio Cadenas said he would not resign and Norys Aguirre offered her resignation. Following an announcement by the Treasury Secretary about the reorganization of the Financial Emergency Board, which would include the elimination of Fogade and the Bank Superintendency from the board, Tesalio Cadenas said his main concern is to reorganize the superintendency.

He said this is the government's goal and, therefore, it will have to examine the reform plans for Decree 248 in greater detail, as the economic crisis has surpassed his office's capability to handle the situation. He also said he would not resign.

[Begin recording] [Unidentified reporter] Have you tendered your resignation or are you waiting for the government to ask for it?

[Cadenas] Not at all. I am going to work with the minister, as I have been a friend of the minister for many years. [end recording]

Norys Aguirre, with an unusual smile on her face, announced her resignation after having completed the job she was assigned to do.

[Begin Aguirre recording] I have completed my mission. The payment and savings system did not collapse. We prevented chaos. Venezuelan savings account holders and workers have public organizations and even a few private corporations in which to trust their money, despite the lingering problems. [end recording]

Our colleague, Jose Marciano, was at the National Congress and gathered several opinions on the matter.

[Begin recording] [Marciano] Treasury Minister Luis Raul Matos Azocar told the Chamber of Deputies Finance Committee that it was necessary to remove political influence from Fogade and the Banking Superintendency. He explained that Norys Aguirre had contributed to the restructuring plan from the beginning. The committee and Matos Azocar expect the same from the banking superintendent and Tesalio Cadenas must act sensibly in this matter.

[Matos] The spirit that must reign involves cooperation among the country's various organizations, the Congress, the executive branch, and private economy. It is the only way to reestablish stability and rebuild the financial sector. I do not expect we will see any kind of political confrontation.

[Marciano] In general, opinions at the National Congress regarding the restructuring of Fogade and the Banking Superintendency are positive, except for the Social Christian Party. [end recording]

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